The seven deadly sins

Chris Patten remembers his introduction to sin and argues that the worst vices are those that corrode society ..... Page I

All that sparkles . . .

Tom Stevenson, Edmund Penning-Rowsell and Jancis Robinson compare Champagne with the cheaper clones and prefer the imitators ......Page VII

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,640

Weekend December 21/December 22 1991

D 8523A

WORLD NEWS

Power-sharing offered by de Klerk to blacks

Immediate inclusion of blacks in the South African parliament to help in the transition to a post-apartheid government was suggested by President F W de Klerk.

His offer was made at the opening of the Convention for a Democratic South Africa (Codesa). Most of the 19 delegations taking part signed a declaration of intent making a commitment to a multi-racial nation, with a constitution based on regular multi-party elections, an independent judiciary, and a bill of rights. Page 22.

Farm reform rift

The fate of international trade talks was left in the balance after European Community and US negotiators failed to resolve differences over farm reform. Page 2

Yeltsin seeks deals

Russian president Boris Yeltsin is anxious to push through as quickly as possible business deals with Italian companies, beginning with carmaker Fiat. Page 2

Pit revival hope

British Coal is to negotiate leasing the disused Monktonhall colliery near Edinburgh in Scotland to a consortium of former miners and pit managers. Page 4

Trophy off course

The US Masters trophy won by Welsh golfer Ian Woosnam in April has been stolen while being taken by rail from Euston station, London, to Shrewsbury.

Saunders fights on

Former Guinness chairman Ernest Saunders, jailed for his role in an illegal share-support operation during the 1986 takeover bid for Distillers, has registered a complaint with the European Court of Human Rights with the aim of quashing his conviction.

Payments by results

British civil servants are to lose their right to an automatic annual pay increase under plans to relate rises to their performance. Page 22

Lebanese seized

Israeli commandos kidnapped three Lebanese in a helicopter swoop outside the Israeli-controlled "security zone" in south Lebanon. Page 3

Bail after 15 years

Stefan Ivan Kiszko, jailed for life 15 years ago for murdering a schoolgirl in the north of England, is to be bailed pending a new appeal against conviction. His case has been referred to the Court of Appeal by UK home secretary Kenneth Baker in the light of new evidence.

Disciplinary reversal

Rulings by Merseyside Police Authority's senior officers' discipline committee to suspend assistant chief constable Alison Halford and start disciplinary proceedings against her were set aside in the High Court. The police authority must decide if the case should proceed on the proper basis.

Sheffield water alert

Thousands of families have been advised to boil water after Yorkshire Water engineers discovered parasites which can cause severe stomach upsets in the supply from a treatment works at Sheffield in northern England.

BUSINESS SUMMARY

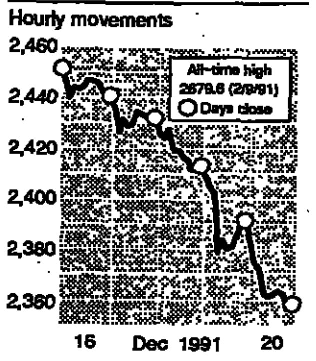
Krupp clinches Hoesch takeover

Fried. Krupp yesterday clinched the takeover of rival steel group Hoesch to create a German steel and engineering combine with annual sales of around DM30bn (£10.4bn).

Krupp acquired a further 26 per cent of Hoesch shares from banks and institutions in a move which takes its shareholding to almost 51 per cent. Page 10; Lex, Page 22

UK equities suffered another heavy fall yesterday. The FT-SE points closed 33.5 lower at 2,358.1, its lowest level since February, on increasing concern that domestic interest

FT-SE 100 Index



rates could be forced higher. This week has seen the Footsie slide by 93.6 points or about 3.8 per cent as London brokerage houses have repeatedly downgraded forecasts in the face of evidence of the damage wrought by recessionary pressures. London stocks, Page 18; World stocks, Page 19; Lex, Page 22; London markets, Wkd Page II; A cautious view of 1992, Wkd Page III; Tories change strategy, Page 4

NATIONAL POWER and PowerGen, the two large electricity generators in England and Wales, have used their dominant position in the market to push up prices, the industry's watchdog has ruled. Page 22; Lex, Page 22; Lit-up and glowing revellers sobered by regulator, Page 8; N-plants can stay, Page 4

SUN ALLIANCE, UK's biggest mortgage indemnity insurer, is preparing to back rescue schemes for distressed mortgage borrowers. Page 8

A US Federal court dismissed a significant portion of Advanced Micro Devices' $2bn (£1.09bn) anti-trust suit against Intel, manufacturer of microprocessor chips. Page 10

THE JAPANESE government lifted curbs on bank lending for property investment, in response to evidence that land prices are falling steeply in many parts of the country. Page 3; Tokyo trims estimates for rate of growth, Page 3

FUJITSU, Japan's leading computer manufacturer and major silicon chip maker, intends to slash investment in semiconductor manufacturing facilities by more than 40 per cent to Y90bn (£385m). Page 10

EASTMAN Kodak, world's biggest manufacturer of photographic equipment, is to take a fourth quarter charge against earnings of around $495m (£272m) to cover restructuring moves. Page 10

BARCLAYS Bank plans for the first time to withhold cost-of-living pay rises from staff who perform poorly. Page 3; Civil service pay, Page 22; German trade unions, Page 2

TWA is close to a deal to sell its Philadelphia and Baltimore to London routes to USAir for $50m.

Tough action by Fed to avert 'double-dip' recession

US cuts discount rate to lift ailing economy

By Michael Prowse in Washington

THE Federal Reserve yesterday attempted to head off a "double-dip" US recession by announcing a bold one-point cut in the discount rate to 3.5 per cent.

The rate cut – the biggest for a decade – reduced the discount rate to its lowest level since November 1964. The Fed also signalled a half-point cut to 4 per cent in the key federal funds rate – the rate at which banks lend to each other.

President George Bush applauded the cut, saying it would "significantly help our efforts to turn the economy around and get America back to work." The deteriorating economy has led to a slump in Mr Bush's opinion poll ratings.

The decisive move was also welcomed on Wall Street, which had expected only a half-point cut in the discount rate – the rate at which the Fed lends to banks. Bond prices rose strongly but the

Rate cut marks policy retreat....................Page 2
Editorial Comment.Page 6
Currencies.............Page 11
World stocks ....Page 19
Lex.........................Page 22

dollar weakened further in currency markets as interest rate differentials moved against it.

Morgan Guaranty, a leading New York bank, immediately cut its prime lending rate by one point to 6.5 per cent. Other large banks were expected to follow its lead, bringing down the cost of a wide range of consumer and business loans.

Fed governors voted 6-1 in favour of the rate cut, the sixth since last December when the discount rate stood at 7 per cent. The lone dissenter was Mr Wayne Angell, a renowned "inflation hawk".

The decision to cut the rate by a full percentage point represented a sharp change of monetary strategy by Mr Alan Greenspan, the Fed chairman, who has previously favoured small cuts. It was interpreted in part as an attempt to head off pressure for tax cuts leading to a higher budget deficit.

Senior White House officials, however, indicated that the Fed's move had not reduced the likelihood of fiscal action to revive the economy.

Mr Greenspan has also grown gloomier about the long-run impact of a huge increase in indebtedness during the 1980s. In sombre congressional testimony this week, he alluded to "deep-seated concern out there, which I must say to you I have not seen in my lifetime".

The Fed said rates were cut on the basis of "cumulating evidence, notably monetary and credit conditions, that point to a receding of inflationary pressures". Taken with previous interest rate cuts, it "should provide the basis for a resumption of sustained economic expansion".

The Fed's move follows the German Bundesbank's decision on Thursday to raise its discount rate to 8 per cent – the highest level since the Great Depression. The divergent path of international rates has weakened the dollar and underlines the extent to which US policy makers are focusing on the domestic economy.

The White House this week conceded that the recession that began in July last year was continuing. It hopes for an upturn in the spring.

By early afternoon, the benchmark long bond was nearly a point higher at 104$\frac{23}{32}$ to yield 7.582 per cent. The Dow Jones Industrial Average was up 13.41 at 2,927.77. The dollar was down more than two pfennigs at DM1.5350.

Russian president Boris Yeltsin lays a wreath at the tomb of the unknown soldier in Rome. Meanwhile yesterday the Russian republic said it wanted to join Nato Page 2

Lamont hampered by Fed move

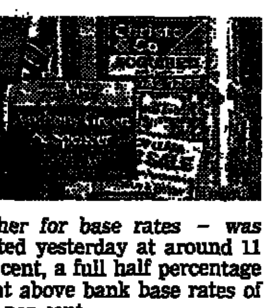
By Peter Norman, Economics Correspondent

THE SHARP drop in US interest rates poses a further threat to the economic policies of Mr Norman Lamont, the chancellor, following the Bundesbank's unexpected half percentage point increase in German rates on Thursday.

After a week of grim UK economic data, which might suggest that British interest rates should, like those in the US, be headed downwards, there is now an increased risk that the next move for British base rates could be up.

A sharp fall in equity prices yesterday highlighted widespread gloom about UK economic prospects, with the FT-SE 100 index closing at its lowest level since February at 2,358.1, down 33.5.

On the domestic money market, the three-month interbank rate – which acts as a bell-



wether for base rates – was quoted yesterday at around 11 per cent, a full half percentage point above bank base rates of 10.5 per cent.

Sterling, however, fared better. It gained 2.65 cents against a weak dollar to $1.86 and lost only 0.25 pfennigs to DM2.855. Although sterling continued to be the weakest currency in the European Monetary System's exchange rate mechanism, it closed safely above its present effective floor of around DM2.8325.

House values may suffer a "meltdown" next year

Special report Page 6

However the past week's interest rate developments in the US and Germany have left Mr Lamont suffering with the effects of the most important economic decision of his predecessor, Mr John Major.

For while US businessmen can profit from lower borrowing costs, the German Lombard and discount rate increases mean that hard-pressed companies in the UK can have no hope of an early rate cut.

The October 1990 decision of Mr Major, when chancellor, to peg sterling to the D-Mark at DM2.95 in the EMS is subjecting the UK to a tough economic regime.

Higher interest rates could be needed if the pound comes under downward pressure in the ERM. This could be as a consequence of the D-Mark gaining strength from the growing differential between high German and low US interest rates, or because of political developments in the run-up to a UK election.

Market operators warned that yesterday's relatively strong performance by sterling could simply be a reflection of thin pre-Christmas market conditions.

Growth weaker, Page 4
Building confidence, Page 4
Sun Alliance warning, Page 8
Help for homeowners, Wkd III

A mammoth task under the big top

By Leslie Colitt in Berlin

YET another Communist institution may be on its last legs unless help arrives soon.

East Germany's former state circus, the Busch-Berolina, is in desperate straits.

Its elephants are old enough to remember Stalin's purges of the 1930s. Some are in their sixties according to the Treuhand, the agency which has been given the mammoth task of selling off the industries of the former east Germany. "They would have a hard time standing on one leg for long," says Mr Franz Wauschkuhn, spokesman for the Treuhand, which is looking for a new manager to revive what was a highly subsidised showpiece of the old regime.

"The polar bears are senile," adds Mr Wauschkuhn. "The lions need renewal, too."

Continued on Page 22

Goldman claims Maxwell duped it over MCC deals

By Robert Peston

THE late Mr Robert Maxwell may have financed the purchase of tens of millions of shares in Maxwell Communication Corporation from the US investment bank, Goldman Sachs, as part of his allegedly illegal scheme to support the MCC share price.

Senior Goldman executives were horrified when they discovered the extent of the firm's dealings with Mr Maxwell, according to financiers. But the executives are convinced that the firm was the unwitting dupe of Mr Maxwell and that it committed no offences.

In the spring and summer of this year, Goldman sold MCC shares to investors introduced to the investment bank by Mr Maxwell. The last such sale was in August, and involved 25m MCC shares worth more than £40m at the time.

The bank asked Mr Maxwell for an assurance that these investors were not connected to him. He gave this assurance.

Now Goldman is concerned that it could have been misled. Arthur Andersen, the accountants, believe that £130m of the £700m missing from the accounts and pension funds of MCC and Mirror Group Newspapers was used by Mr Maxwell in the spring and summer to buy MCC shares.

Page 8
■ MCC bankers win battle for Price Waterhouse as administrators
■ NY Daily News said to be in very good shape

Any purchase of shares funded by Mr Maxwell should have been publicly disclosed under UK company law. Mr Maxwell made no such disclosures after February this year.

Goldman refused to give details of Mr Maxwell's dealings. However, an executive said of the firm's overall relationship with him: "We treated Robert Maxwell on a commercial, arm's-length basis. He duped us, just as he duped many other financial firms."

Goldman has a long history of dealing in MCC shares, which the firm now regrets. Its market making department was by far the biggest trader in MCC shares in the City of London for at least two years.

Goldman became such an aggressive MCC share trader on the initiative of Mr Eric Sheinberg, one of the firm's most senior partners who has responsibility for international equity trading operations.

"Eric lives and breathes the global equity market," a financier said. Mr Sheinberg's trading method is to buy big strategic stakes in companies when he can identify a buyer for those stakes.

"In the case of MCC, he guessed that Maxwell was always going to want to buy the stock," the financier said. So Goldman would periodically acquire substantial holdings in MCC, in the hope that these would eventually be bought by

Continued on Page 22

MARKETS

STERLING
New York lunchtime:
$1.86
London:
$1.86 (1.8335)
DM2.855 (2.8575)
FFr9.76 (9.7775)
SFr2.5325 (2.535)
Y237.25 (235.25)
£ index 91.7 (91.5)

GOLD
New York Comex Feb
$360.3 (359.1)
London:
$358.25 (357.95)

N SEA OIL (Argus)
Brent 15-day
$17.55 (18.1)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.5345
FFr5.2475
SFr1.3615
Y127.55
London:
DM1.5345 (1.559)
FFr5.2475 (5.3325)
SFr1.3615 (1.383)
Y127.55 (128.3)
Tokyo close: Y126.32

US LUNCHTIME RATES
Fed Funds: 4%
3-mo Treasury Bills: 3.81%
Long Bond: 104$\frac{13}{16}$
yield: 7.58%

STOCK INDICES
FT-SE 100:
2,358.1 (-33.5)
FT-A All-Share:
1,132.66 (-1.2%)
FT-SE Eurotrack 100:
1,032.92 (-10.12)
New York lunchtime
DJ Ind. Av.
2,925.54 (+11.18)
S&P Comp
385.77 (+3.25)
Tokyo: Nikkei
21,777.12 (-217.07)

LONDON MONEY
3-month Interbank:
11% (same)
Liffe long gilt future:
Mar96$\frac{5}{32}$ (96$\frac{5}{16}$)

CONTENTS

Austria Sch30; Bahrain Din0.900; Bermuda $1.50; Belgium BFr60; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35, Denmark DKr13.00; Egypt E£3.50;Finland Fmk10; France FFr8.00; Germany DM3.00; Greece Dr200; Hong Kong HK$14; Hungary Ft162; Iceland IKR180; India Rup20;Indonesia Rp3,100; Ireland I£0.80; Israel NS4.50; Italy L2200; Japan Y800; Jordan JD1.20; Korea Won 2000; Kuwait Fils.500;Lebanon £L1000; Luxembourg LFr60; Malaysia Rin4.50; Malta 45c; Morocco Dh10.00; Nigeria Naira15.00; Netherlands Fl3.50; Norway Nkr13.00; Oman OR1.20; Pakistan Rs35; Philippines Pso 40; Poland Zl 18000; Portugal Esc175; Qatar QR10.00; S.Arabia Rls8.00; Singapore S$4.10; Spain Pta175; Sri Lanka Rup30; Sweden SKr13.00; Switzerland SFr2.70,Taiwan NT$65; Thailand Bht50; Tunisia Din0.800; Turkey L5000; UAE Dh8.00; USA $1.25.

Republican leaders to sign pact today

By Gillian Tett in Alma Ata and John Lloyd in Moscow

THE presidents of the former republics of the Soviet Union are expected to sign an agreement today creating a new Commonwealth of Independent Republics to replace the Soviet Union.

All but one of the 11 republican presidents will be at the talks in the Kazakhstan capital of Alma Ata, where a mere three hours has been scheduled for negotiations.

Mr Saitkazm Ietaev, press secretary to Mr Nursultan Nazarbayev, the Kazakh president, said yesterday that a firm treaty of the Commonwealth was expected by the end of today.

Mr Mikhail Gorbachev, the Soviet president, who sent an appeal on Thursday to the presidents imploring them to retain common defence, economic and citizenship policies will not be represented. The Soviet defence minister, Mr Yevgeny Shaposhnikov, is registered as a member of the Russian delegation.

Mr Leonid Kravchuk, the Ukrainian president, will take part after initial reluctance and strong domestic opposition. Georgia, which had earlier said it would not take part in the talks, is sending a small delegation. Azerbaijan and Moldova, both represented by their presidents, have said they may join, but at a future date.

The republican leaders, though in the main committed to the formation of a Commonwealth, are likely to wrangle hard over its authority and powers. The Central Asian republics, dependent on Russia, will press for a closer economic union; while Ukraine, which has already amended the original Commonwealth agreement it signed with Russia and Belorussia on December 8 to weaken its binding conditions, is unlikely to accept anything more than the loosest of ties.

All republics, including Belorussia, Kazakhstan, Russia and Ukraine, the four states with strategic nuclear weapons, are agreed on preserving a common strategic command – but there are different conceptions of what this means. Russia has said it should be the only state retaining strategic weapons, while Kazakhstan has said it will keep them if Russia does.

Mr Boris Yeltsin, the Russian President, said in Rome yesterday that the meeting would result in an agreement on a "united strategic command, with one button, in the centre, and no one republic will control that button".

As the presidents gathered amid considerable pomp, decrees signed earlier in the week by Mr Yeltsin continued to be published, completing the takeover of the remaining institutions of Soviet power. The Foreign Intelligence Service, the last of the three branches of the former KGB to remain un-Russified, was taken into the fold yesterday.

Mr Ivan Silayev, who as chairman of the Inter-republican economic committee was cast in the role of Soviet prime minister, was sent to Brussels as Russia's permanent representative to the European Community.

David Buchan adds from Brussels: A aircraft full of emergency medicine and baby food for the Russian cities of Moscow and St Petersburg left Brussels last night, the first instalment of EC emergency aid totalling Ecu200m (£141m), the European Commission announced yesterday.

The logistics of delivering the EC aid will be closely coordinated with Nato, which is to put military transport at the disposal of the western effort to prevent serious food and medicine shortages developing.

The EC has a much larger food aid and credit programme in train, totalling Ecu2bn.

Yeltsin backs efforts to create a new security system 'from Vancouver to Vladivostok'

Russian republic wants to join Nato alliance

By Robert Mauthner in Brussels

THE new Russian republic yesterday said it wanted to become a member of Nato, though it regarded this as a long-term rather than an immediate political aim.

Russia's new policy towards the western alliance, once considered the implacable enemy of the former Soviet Union, was set out in a letter from President Boris Yeltsin to the newly-created North Atlantic Co-operation Council, grouping the 16 Nato members and former Warsaw Pact states, which held its inaugural meeting in Brussels yesterday.

Significantly, the rapidly dissolving Soviet Union was represented not by Mr Eduard Shevardnadze, about to lose his job as Soviet foreign minister, but by the Soviet ambassador to Belgium, who asked for all references to the "Soviet Union" to be erased from the final communiqué.

Eventual Russian membership has not been ruled out by the alliance, though Mr Douglas Hurd, the British Foreign Secretary, said yesterday: "I think it is a long way off." Mr Yeltsin expressed his conviction that the new institution, which will serve as a forum for regular political and military consultations, would strengthen stability and security in Europe.

The Russian leadership fully supported efforts to create a new security system "from Vancouver to Vladivostok", he said.

Russia and the other main members of the proposed Commonwealth of Independent States, expected to be set up at a meeting in Alma Ata, the Kazakhstan capital, today, also undertook to implement all the international treaty commitments signed by the former Soviet Union.

Mr Yeltsin said special attention would be paid by the new republics to ensuring "single control" over nuclear arms and their non-proliferation, as demanded by the US and its partners.

The assurances given by Mr Yeltsin, in addition to those received by Mr James Baker, the US secretary of state, during his recent visit to Russia, Belorussia, the Ukraine and Kazakhstan, are expected to hasten the process of recognition of the new republics by western nations. The question of early recognition was discussed at a meeting of European Community foreign ministers on the sidelines of the Nato conference.

If a decision to set up the Commonwealth is taken at the Alma Ata meeting, the EC and other western nations might even recognise the new nations by the beginning of January, officials said. Membership of Nato, or some form of association, is also the long-term aim of the three new eastern European democracies – Czechoslovakia, Hungary and Poland – which attended the co-operation council, though none of them pushed their demands that far yesterday.

Under the new institutional relationship, the North Atlantic Co-operation Council will hold annual meetings at ministerial level and bi-monthly meetings at ambassadorial level. The consultations will focus on security and related issues, such as defence planning, arms control, the conversion of defence production to civilian purposes and scientific and environmental co-operation.

Two Soviet soldiers stop for a rest yesterday in front of a shop window containing Moscow's only Christmas decorations, a snow maiden shrouded in trimmings

'Chaos and collapse' unless monetary union is agreed

By John Lloyd in Moscow and Robert Graham in Rome

REPUBLICAN leaders meeting today to decide the future of a new commonwealth to replace the Soviet Union face "economic chaos and collapse within six months" unless they agree on monetary and banking union, Mr Victor Gerashchenko, chairman of the Soviet State Bank, said yesterday.

Mr Gerashchenko said that without such a structure, the republics would fall back on individual currencies and customs barriers to protect their borders – measures which would further depress production, break links between enterprises and push their economies deeper into crisis.

"They [the republican leaders] need to find a consensus, or the Russian reform, proceeding by itself, will destroy them. If prices rise in Russia then the other republics will be stripped bare: if they introduce their own currencies, roubles will pour into Russia."

A decree of the Russian government had ordered the takeover of the State Bank, with all of its affiliates and assets, by the end of the year, said Mr Gerashchenko from his vast office near Moscow's Bolshoi Theatre.

However, like other Soviet institutions – including the Foreign Ministry, the Kremlin palace, the state security organs and the increasingly chaotic transport organisations – the bank continues to operate in a power vacuum.

"They can put up a plaque on the front of the building saying 'Russian government property', but they will still need the services we provide. The Russian decree takes over all the assets of this bank – but not the entity itself. That should remain until a successor body is created."

Mr Yeltsin said yesterday in Rome that Russia intended to make the rouble a convertible currency by the end of 1992. This would be done via the central bank, which he said Russia was taking over.

Speaking at the end of a 30-hour visit, he said the new republic of Russia would guarantee all contracts already undertaken as the "legitimate heir of the Soviet Union".

The Soviet bank chairman said that now the bank had been "dissolved (by a Russian government decree) I have no-one to report to and I could say that we should all go home. But we must stay until something is settled."

Previous discussions among republican leaders on the creation of a banking union have foundered on the issue of the board of such a union – with the dominant Russian government pushing for a share of the vote reflecting its dominant strength, and the other republics demanding one vote per republic.

Yeltsin expects Fiat deal soon

By Robert Graham in Rome

MR BORIS Yeltsin, the Russian president, indicated he was anxious to push through as quickly as possible a number of business deals with Italian companies, beginning with Fiat.

Winding up his 30-hour visit to Rome, during which he was treated like a visiting head of state, Mr Yeltsin said he expected to sign a deal with Fiat by the end of January to buy a third of Vaz, the former Soviet state automotive producer at Togliattigrad, in Russia.

This followed a meeting with Mr Gianni Agnelli, the head of Fiat, and Mr Cesare Romiti, the company's chief executive.

Fiat confirmed the company's interest in investing in Vaz but cautioned against an early agreement.

At best, the two sides hoped to reach some form of understanding by the end of next month.

Fiat helped set up the Togliattigrad plant, which began production of a version of the Fiat 124 in 1966. The plant produces some 750,000 units annually.

Mr Yeltsin also saw Mr Gabriele Cagliari, head of ENI, the Italian state oil concern, and a joint memorandum was signed on future collaboration. Russia expressed a commitment to continue negotiations between Gasprom, the former Soviet gas company, and ENI's Snam Progetti and Nuovo Pignone for the modernisation of Russian gas pipelines.

The Russian leader also said he was anxious for ENI's oil exploration and production arm, Agip, to carry out joint ventures as well as restructuring refineries.

In another meeting with Mr Francesco Nobili, head of IRI, the Italian state holding company, the Russians appeared equally anxious to pick up all the latter's links previously held with the Soviet authorities.

Trade talks at risk as EC and US fail to agree

By William Dullforce in Geneva and David Gardner in Brussels

THE European Community and the US failed in a last-minute attempt to resolve their differences over farm reform in Brussels yesterday, leaving the fate of five years of international trade talks hanging in the balance.

In Geneva Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, delayed publication of a 500-page "final act" containing some 30 draft agreements on all areas under negotiation in Gatt's Uruguay Round, in order to give the EC and US a last chance of coming to terms.

Mr Dunkel said later he would submit "before the end of the day" draft texts which would include his compromise proposal on the agricultural issue. He asked that the document in its totality be given "the most serious and urgent consideration at the highest political levels".

The breakdown of the EC-US talks on how to cut farm subsidies leaves a big question mark over the whole package. In Brussels a spokesman for EC Farm Commissioner Mr Ray MacSharry said he could not see how the Community could accept what he understood would be in Mr Dunkel's draft farm agreement.

Talks broke down over the core issue of the means for reducing export subsidies.

Hope of completing the Uruguay Round successfully depended last night on Mr Dunkel's ability to include in his draft agreement proposals which could persuade the EC and US to re-open negotiations.

The package due to be tabled late last night includes a framework agreement on the $800bn-a-year trade in services which stands every chance of being accepted by the more than 100 governments participating in the Round.

A draft agreement on the reform of the textiles trade includes compromises that most developing country exporters are likely to approve. A deal on protection for intellectual property rights has also been agreed after intensive final discussions this week.

Yugoslav premier resigns

By Laura Silber in Belgrade and Reuters

MR Ante Markovic, the Yugoslav prime minister, yesterday said he was resigning in protest against a proposed "war budget" for 1992.

The resignation of Mr Markovic, a Croat aged 67, puts the last nail in the coffin of the Yugoslav federation.

Mr Markovic said: "The budget proposed for 1992 would mean the financial and political support of the war since 81 per cent of the budget is intended for the Yugoslav Peoples' Army." He said money was being printed exclusively to finance the federal army, a development which would lead to an "economic catastrophe".

The violence was growing despite international attempts to find a solution. "The war is escalating, with thousands of victims, destroyed cities and villages in Croatia, and the danger of it spreading to Bosnia-Hercegovina."

Bosnia, the central republic, yesterday asked the EC for recognition, raising tensions among the population of Slavic Moslems, Serbs and Croats.

The prime minister said: "A social explosion of unimaginable dimensions threatens, with spiralling hyperinflation, millions of unemployed, the fall of industrial production, shortages, and great poverty for millions of citizens who are not in the least bit to blame."

German rates rise angers unions

By Quentin Peel in Bonn

GERMAN trade unions reacted furiously yesterday to the Bundesbank decision to raise interest rates by 0.5 points, accusing the bank of unjustified interference in the wage-bargaining process.

The move was tantamount to using interest rate policy as "a heavy club to bash trade union wages policy", said Mr Michael Geuenich, a council member of the German trade union federation (DGB).

Both discount and Lombard rates were now at record level, creating a real danger of precipitating a recession.

He took the Bundesbank move, raising the discount rate from 7.5 to 8 per cent and the Lombard rate from 9.25 to 9.75 per cent, as a direct attack on the current round of wage negotiations, in which most trade unions have submitted demands of about 10 per cent.

Mrs Monika Wulf-Mathies, leader of the public sector trade union, which is calling for a 9.5 per cent pay rise next year and increased holiday pay, accused the central bank of acting like "an agency of war" against the unions. It was threatening to choke economic growth, and tip the economy into a recession, she said.

The bitterness came as latest inflation figures showed a continuing rise. In the state of Baden-Württemberg, the rate in December was 4.2 per cent, against 4.1 per cent in November. In neighbouring Hesse, it reached 4.5 per cent, against 4.4 per cent the previous month.

Mr Rolf Schneider, head of the forecasting unit of the Dresdner Bank, said: "We are teetering between stagnation and recession." There was no question but that the bank was running the risk of halting economic growth.

Although the business lobby reacted yesterday with some satisfaction at the warning to trade unions over their wage demands, there was also concern at the effect on struggling German exporters of the strengthening D-Mark, and on the housing market of higher interest rates.

US rate cut marks policy retreat

By Michael Prowse in Washington

MR Alan Greenspan's decision to cut the discount rate by a full point to 3.5 per cent marks a final retreat from the "gradualist" monetary policy that has characterised his tenure as Federal Reserve chairman.

In the past he has favoured quarter- and half-point cuts in interest rates. With the recession apparently intensifying, he recognises the need for more decisive action to bolster business and consumer confidence. Yesterday's cut was the biggest in a decade and brings the discount rate to the lowest level in quarter of a century.

Mr Greenspan was also trying to head off growing pressure in Washington for tax cuts to stimulate the economy. On Wednesday, in testimony before the House of Representatives' ways and means committee, he flatly opposed any fiscal measures that would raise the federal deficit, which is expected to reach $365bn (£200bn) in 1992. His message yesterday was: "Let the Fed fight the recession."

Coming a day after Germany raised its discount rate to the highest level since the depression, the Fed's cut underlines the degree to which US policymakers are focusing on the domestic economy. Mr Greenspan will not welcome further weakness of the dollar, but currency markets are the last of his concerns.

The rate cut follows the White House's decision to abandon upbeat talk of a "stalled recovery". A series of gloomy statistics has obliged it to concede that the recession that began in July last year is continuing.

Employment contracted by nearly 250,000 last month, by far the biggest fall since last winter, when the economy was contracting at an annual rate of about 3 per cent. Industrial production fell 0.4 per cent. Consumer confidence dropped to its lowest level in a decade.

The open talk of recession also reflects a White House decision to show greater candour about the economy. President George Bush's poll ratings are thought to have been undermined by his failure to empathise with the economic hardship faced by many Americans.

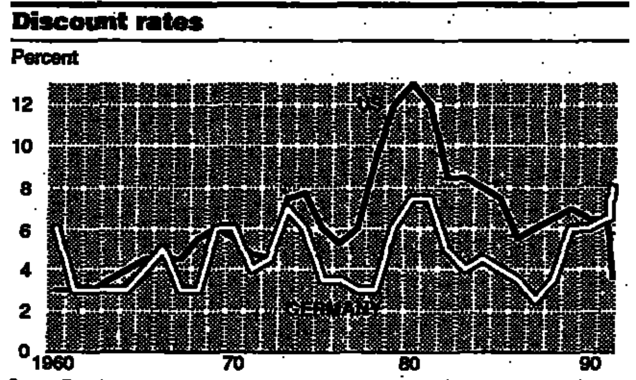
Most economists – including the White House ones – are predicting an economic upturn in the spring. But the forecasts carry little sense of conviction, partly because similar predictions this time last year proved wrong. For three years, economists have persistently under-estimated the economy's weakness.

In a striking admission of flaws in past Republican economic policies, Mr Greenspan told Congress this week that the economy was troubled because of "huge increases in indebtedness" in the 1980s. This had financed a vast accumulation of unneeded assets, particularly commercial real estate.

The unexpectedly sharp cut in the discount rate – which prompted an immediate cut in prime lending rates by some commercial banks – will help by reducing debt servicing costs. But it seems unlikely quickly to alleviate a pervasive sense of economic malaise epitomised this week by the big cuts announced by General Motors.

Discount rates

Percent



Source: Datastream

Feelings run high over France's latest state merger moves

William Dawkins weighs up reactions to government plans for a giant electronics-to-nuclear energy group

THE French government was yesterday fighting to defend its plans to create a giant electronics-to-nuclear energy group designed to bolster the struggling state controlled electronics industry.

The scheme was variously condemned as "scandalous" and "a misappropriation of funds" by a former industry minister and as "detestable" by Mr Pierre Suard, the chairman of the Alcatel Alsthom telecommunications and engineering group, which will be the new company's nearest private-sector competitor in France.

It will be examined closely over the next few months by the European Commission and is likely to intensify the long wrangle between Paris and Brussels over the limits to which European governments can legally intervene in industry.

Paris plans to merge the civil electronics businesses of Thomson, the loss-making state-owned electronics group, with the profitable industrial arm of the Commissariat à l'Energie Atomique (CEA).

CEA Industrie's main division, the Cogema nuclear fuel producer, has shareholders' funds of FFr10bn (£1.01bn), according to Mr Jean Syrota, Cogema's chairman, who will become head of the new group, Thomson CEA Industrie.

It is due to come into being by the middle of 1992, with FFr90bn of sales spanning television, video, audio and kitchen equipment, semiconductors, nuclear fuel and reactors.

Senior Commission officials confirmed that they would study the project closely for potentially illicit subsidies and the creation of dominant market positions. Paris has told the Commission of its plans, and is expected to provide more detail in the next month.

This will be a very political EC competition case, given the universal outcry in France over the Commission's recent veto of a Franco-Italian bid for de Havilland, the Canadian aircraft maker, and Paris' disappointment over the failure of the Maastricht summit to agree a strong European industrial policy.

Mr Dominique Strauss-Kahn, the industry minister, argues that EC law makes no distinction between state and private shareholders and that the Commission has never objected to Siemens, the German electronics-to-engineering giant, using its profits to cover the losses of Nixdorf, its computer subsidiary. Commission officials were open minded.

> 'This is a marriage of cash and cows with those who need funds. It is what all shareholders try to do, whether private or public' – **Alain Gomez, Thomson chairman**

Unlike de Havilland, the electronics plan has divided the French political establishment. Mr Alain Madelin, responsible for industry under the former right-wing Gaullist government, claimed that the scheme was simply designed to channel CEA Industrie's cash into Thomson, so indirectly forcing electricity users to prop up the electronics industry.

Another opposition MP, Mr François d'Aubert, deputy chairman of the parliamentary finance commission, denounced the plan as "a pure and simple return to basic and imbecile dirigisme".

The government itself appeared to be closing ranks – and the plan has even won the implicit support of Mr Pierre Bérégovoy, the finance minister, who is unenthusiastic about industrial intervention.

Other critics denounced the scheme as a mixture of industrial Meccano and Monopoly, which was forcefully denied yesterday by Mr Syrota. Thomson's 60 per cent ownership of its profitable defence electronics business would be handed over to direct state ownership, he told a French newspaper. The rest – consumer electronics, semiconductors and kitchen equipment – would be merged with CEA Industrie.

The new group will be more than 50 per cent directly state-owned, with 30 per cent held by the CEA and 10 per cent held by France Télécom, the state-owned telecommunications group.

One of its subsidiaries will have one big private shareholder right from the start; Alcatel Alsthom, which has a large minority stake in Framatome, the nuclear reactor business which is also partly owned by CEA Industrie. Mr Suard warned yesterday that he would "categorically" oppose any attempt to dig into the cash of "our joint subsidiary".

This is in direct conflict with Mr Alain Gomez, chairman of Thomson, who explained: "This is a marriage of cash cows with those who need funds – it is what all shareholders try to do, whether they are private or public." Clearly, the battle has only just begun.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

INTERNATIONAL NEWS

Japan lifts property investment loan curbs

By **Stefan Wagstyl** in Tokyo

THE Japanese government yesterday lifted curbs on bank lending for property investment, in response to evidence that land prices are falling steeply in many parts of the country.

Ministers decided that the controls, imposed last year to squeeze speculative investors out of the market, had served their purpose.

They took into consideration a National Land Agency report published yesterday which showed prices in the Tokyo area had fallen by some 30 per cent from their peak in 1987 and by 30-40 per cent from a mid-1990 peak in Osaka. The land agency forecast further falls next year.

It was the first time the extent of the price decline – widely reported in the property industry – has been fully reflected in the official figures, which tend to lag the market.

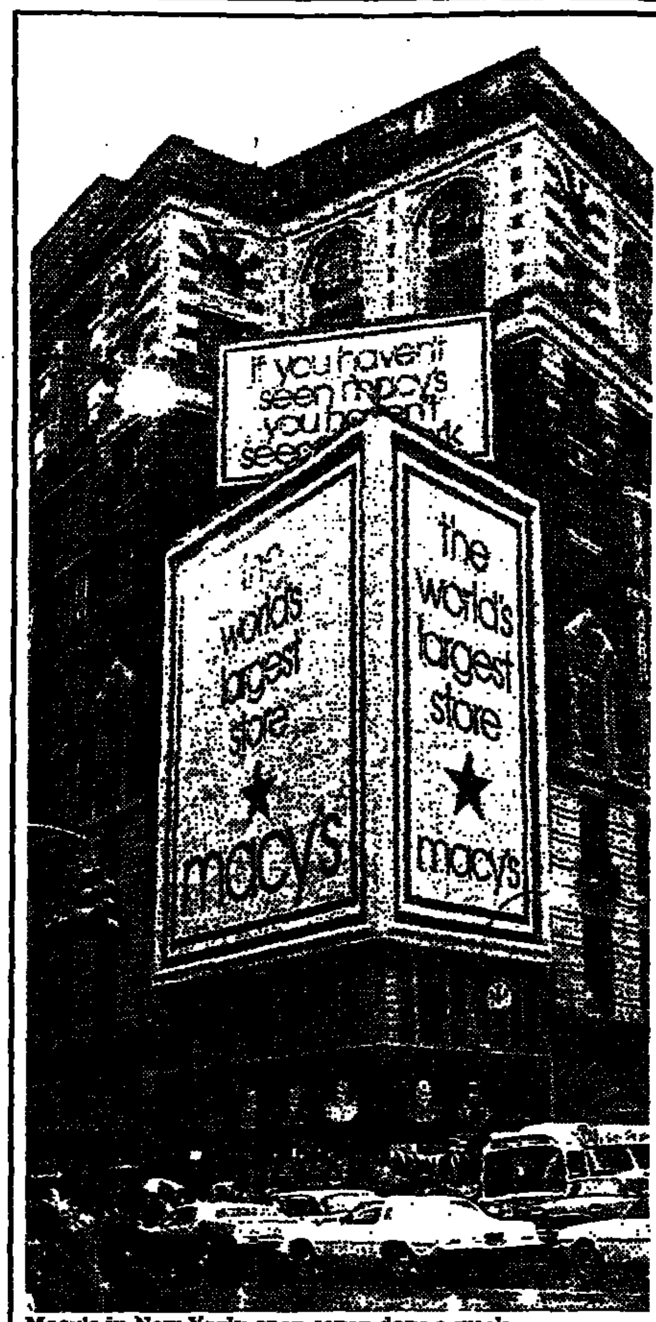
Property company executives said the government had acted too late to bring any relief to the hard-pressed industry. They warned that more property and building companies would go bankrupt, leaving banks and finance companies with an increasing burden of bad debt and unsold land holdings. In the first 11 months of this year, the liabilities of bankrupt property companies totalled Y2,606bn (£11bn), seven times more than for the whole of 1990, according to Teikoku Data Bank, a credit research group.

Yesterday, they were joined by Hoyu Kensetsu, a flat builder, which filed for court protection from creditors with debts of Y100bn. Mr Chiyoji Misawa, president of Misawa Homes, Japan's top home builder, said the slump in the housing industry would last until the end of the century.

The ministry has waited longer to lift the lending curbs than the industry wanted because officials feared a resurgence of speculative investment. Even though the markets in Tokyo and Osaka, where the speculative boom started, are now depressed, prices in some provincial cities were still rising in the middle of 1991 in catch-up increases.

However, yesterday's report shows that even in provincial cities prices are mostly flat or falling. Reporting the results of a survey done on December 1, the agency said that since July 1, in Tokyo and the surrounding area, prices for residential land had fallen by 3-10 per cent and in Osaka by 7-18 per cent. For commercial land prices fell by up to 7 per cent in the Tokyo area and by up to 13 per cent in the Osaka region.

The ministry's curbs, which will be lifted on January 1, require banks to limit the rate of loan growth for property investment to below the rate of overall loan growth. The ministry reserved the right to reimpose controls if property loans start increasing rapidly in future – something the property experts believe is unlikely.



Macy's in New York: open seven days a week

Always on a Sunday for America's shoppers

AT Zabar's, one of New York's most famous delicatessens, the only thing that distinguishes Sunday from any other day of the week is the crush of people around the fish counter, stocking up on smoked salmon for their traditional Manhattan brunch. Like most US retailers, Zabar's does good business on the Day of Rest.

Nearly halfway across the nation, in Chicago, the shopping scene is also almost changeless seven days a week. The city's Magnificent Mile throngs with people on a Sunday. Two thousand miles further on to the west coast, Californians have made Sunday one of their most popular shopping days. Spurred by glossy advertising inserts in the Sunday papers, frequently offering that-day specials, they flock to the shopping malls.

Although Sunday shopping was once as controversial in the US as it has become in Europe, it is now usually outlawed only in some of the small towns and cities of the country's southern Bible Belt. In Britain, for instance, the controversy still rages, with widespread Sunday shopping only just now taking off.

Ironically, America's so-called Blue Laws, which prohibited Sunday business, sprang from a British statute.

In spite of the wide tolerance for religion promised in the US constitution, the theocratic spirit of colonial times prevailed for more than 200 years, until the 1950s, when grocery stores began winning the right to open on Sundays. A couple of decades later, leading supermarket chains began remaining open around the clock, even on national holidays, to meet the needs of shift workers and those people whose fancies turned to food in the middle of the night.

The Blue Laws were challenged often, but generally upheld by the Supreme Court. The rulings avoided the religious issue, upholding the prohibition on the theory that a day of rest was good for health and family.

Eventually there were exceptions: people could buy bait to go fishing, newspapers could be printed. Then, orthodox Jews, who closed their businesses on Saturdays to observe their Sabbath, complained that they suffered discrimination by also having to shut on Sundays.

While controversy rages in Europe over Sunday shopping, it has become an accepted feature of US life

Ultimately, the Supreme Court gave the choice to individual states. New York State, home of the city that never sleeps, repealed restrictions in 1965. Others followed when they began to lose business to competitors who stayed open.

For many retailers, Sunday opening is a business necessity, driven by the entrance of a large number of women into the labour force who are therefore unable to shop except at weekends. Families, who three or four decades ago might have done little else on Sunday than attend church services, now spend much of the day shopping. "Ours is a consumer-driven economy," says Mr Martin Lefkowitz, an economist at the US Chamber of Commerce. "Shopping has become our national pastime, and shopping malls have become places of entertainment."

There is little difficulty in getting workers, he says. Most are part-time employees, the average work-week for retail employees being 28 hours. Many are mothers who work on Sundays when their husbands can baby-sit.

"We see a lot more families shopping together on Sunday," says Ms Anne Stock, Bloomingdale's vice-president of public relations in New York. "Our commission sales people want to work on the weekend because that's when there's a lot of traffic."

Chicago, where Sunday business is now vital for the prosperity of many big retailers, has become the shopping Mecca of the Midwest, drawing many on weekend forays from hundreds of miles away.

In California, where large-scale Sunday-shopping developed in the 1960s when some leading department stores started staying open, the question is often not what is open, but what is closed. The sign on the door at Rainbow Pizza in San Mateo reads "Never on a Sunday". For Jack's Pizza across the road, the day is the busiest of the week.

Reporting by Nancy Dunne in Washington, Karen Zagor in New York, Barbara Durr in Chicago and Louise Kehoe in San Francisco.

Israelis seize three men in Lebanon raid

By **Hugh Carnegy** in Jerusalem

ISRAELI commandos kidnapped three Lebanese men early yesterday in a helicopter swoop outside the "security zone" Israel controls in south Lebanon, adding a new twist to the still unresolved hostage crisis.

The Israeli army said the three – who included a part-time correspondent for Reuters news agency – were terrorist suspects and had been brought to Israel for interrogation. Israeli ministers characterised the raid as a routine action against guerrillas who launch attacks on Israeli forces in the area.

But the unusual action may well have had a different motive. Since all but two western hostages in Lebanon were released, Israel has been anxious to find ways of ensuring that its remaining missing servicemen in Lebanon are released in exchange for Lebanese prisoners in its hands.

Tokyo trims estimates for rate of growth

By **Stefan Wagstyl** in Tokyo

THE Japanese government yesterday revised downwards its estimate for economic growth for the year to the end of March 1992, amid widespread evidence of an economic slowdown.

The government's Economic Planning Agency set a new estimate for real growth of 3.7 per cent, down from 3.8 per cent. It also fixed a target of 3.5 per cent for growth in 1992-93.

The government figure is higher than the estimates of most private economists, who expect growth in 1992-93 to fall to 3 per cent or below. The OECD this week trimmed its forecast for the 1992 calendar year from 2.5 per cent to 2.4 per cent.

Nevertheless, the government's latest admission that the economy is slowing will lead to further demands for stimulative measures, including interest rate cuts and pump-priming public spending. US President George Bush is expected to press for such action when he visits Tokyo next month. Japanese officials believe the president will argue that Japan has the capacity to help a recovery in growth in the industrialised world.

Many private economists believe that even domestic considerations will eventually persuade the Japanese government to resort to stimulative action.

However, for the moment the Bank of Japan is opposed to any further immediate cuts in interest rates and the Ministry of Finance is against running a fiscal deficit.

The government's forecast for consumer spending for 1992-93 is for growth of 3.7 per cent – in line with private economists. But its figure for capital investment growth – 4.5 per cent – is higher than that of most other experts. Prices are forecast to remain almost stable, with an expected 2.9 per cent increase in the current financial year and 2.3 per cent next year.

Asia tops world economic performance league table

ASIA-PACIFIC economies fared better this year than the rest of the world, and the more advanced among them grew fastest of all, according to the UN's regional organisation, writes Peter Ungphakorn in Bangkok.

Estimates published yesterday by the Economic and Social Commission for Asia and the Pacific (Escap) showed that the east Asian newly industrialising economies, the six-member Association of South East Asian Nations (Asean), and even some south Asian countries such as Pakistan were able to withstand the Gulf crisis, global recession and stagnant world trade with only minor damage.

This was achieved partly through a sharp increase in trade within the region, Escap said. As a result, several countries in the region, which stretches from Iran to the Pacific islands but excludes former Soviet Asia, registered growth rates for imports or exports of more than 20 per cent despite an estimated 0.6 per cent growth in world trade. Among them were Pakistan, Hong Kong and Thailand.

One of Escap's worries is inflation, with rates close to or into double digits in Hong Kong, South Korea, the Philippines, the whole of south Asia, and several of the Pacific island countries. Also causing concern is China's export growth rate, expected to fall from this year's 13 per cent to 4 per cent next year.

Despite uncertainties in the international climate, the region's performance is expected to improve next year, Escap says. But this would depend on the extent of recovery in the industrial countries.

The developing countries in the region enjoyed an overall expansion of gross domestic product (GDP) estimated at 6.4 per cent this year.

This contrasts starkly with the 0.6 per cent decline estimated for the Third World as a whole.

The three OECD countries in the region managed an estimated 4.1 per cent growth, well above the global rate of 0.9 per cent and the 2.8 rate for all industrial countries. But this was only achieved with Japan's 4.5 per cent growth. Australia is estimated to have declined economically by 0.2 per cent and New Zealand to have grown by 0.4 per cent.

UK NEWS

Cammell Laird sale depends on offshore plan

By **Ian Hamilton Fazey**, Northern Correspondent

THE Cammell Laird shipyard in Birkenhead, Merseyside, may be bought by Amec, the construction, engineering and offshore group. The deal depends upon the Welsh Office approving a plan by Hamilton Oil to build a £250m terminal at Point of Ayr, where the Dee estuary meets Liverpool Bay.

Hamilton has been negotiating for Press Offshore, an Amec subsidiary, to build a production platform to exploit a gas find by Hamilton in the bay about 20 miles off the Wirral peninsula. Some of the gas will feed a power station at Connah's Quay, 12 miles up the estuary near the Welsh-English border.

Confirmation of the order is expected to decide Cammel Laird's future. Amec has been reluctant to go ahead without an early prospect of a substantial order, which Hamilton's plans would provide.

The yard was put up for sale last year by VSEL, the Barrow-in-Furness submarine builder, as defence-industry contraction threatened both the Cumbrian and Merseyside warship yards.

VSEL is understood to have offered Amec a leasing deal rather than outright purchase, in order to unload responsibility for Cammell Laird.

Hamilton's planning application to build the terminal has caused local protests by environmentalists. The Welsh Office this week called it in for government consideration.

Mr David Foulis, Cammell Laird personnel director, said yesterday that the yard's sale would be jeopardised if the Welsh Office ordered a public inquiry. VSEL might be unable to keep Laird's open during the resultant delay.

An irony is that Mr David Hunt, the Welsh secretary, is MP for Wirral West. Some of his constituents would have their view of the Welsh hills impaired by the terminal, although there is other industry in the area and Point of Ayr itself was for many years the site of a colliery.

His parliamentary neighbour, however, is Mrs Lynda Chalker, the overseas development minister. She has to defend Wallasey in the coming general election with a majority of only 279. Mrs Chalker, who persuaded Cheshire-based Amec to consider buying Laird's, said that she was pressing Mr Hunt to move with "all speed, but all thoroughness".

Mr Frank Field, Labour MP for Birkenhead, criticised environmental campaigners against the terminal for jeopardising jobs at Laird's. He urged them to withdraw their protests so the Welsh Office could give early approval.

Barclays offers no pay rise to some staff

By **Michael Smith**, Labour Correspondent

BARCLAYS BANK plans for the first time to withhold cost-of-living pay rises from staff who perform poorly.

The proposal forms part of a package that would raise salaries of 70,000 non-managerial staff by between £200 and £470.

Bifu, the financial services union, estimates that the offer is worth between 2.1 per cent and 3.5 per cent and has rejected it.

Barclays Group Staff Union believes the offer would increase total staff costs by 2.75 per cent, or £22.5m, and will push for a higher offer in talks scheduled for January.

Barclays' decision to withhold pay rises from poor performers follows a similar move at Lloyds Bank earlier this year.

Lloyds' initiative was part of an overhaul of salary structures, details of which are still being opposed by Lloyds Group Union nearly three months after its implementation.

Barclays' appraisal system grades staff from category A, the highest, to category E. Under the offer those in category E would receive neither a pay increment nor an adjustment for cost of living.

Those in category D will receive a cost-of-living rise but only half the value of a standard increment. Previously they have been given two thirds of a standard increment.

The bank said the proposed deal, scheduled to last a year from February 1, would balance the hard work and dedication of staff with the need to remain competitive during difficult trading conditions.

Bifu said the offer was a disgrace and, with underlying inflation recorded at 5.7 per cent in November, would not meet increased costs faced by staff and their families.

● Some 25,000 engineering construction workers are to receive pay rises of 4.1 per cent under a deal negotiated by their unions and the National Engineering Construction Employers' Association.

From January 6 there will also be a one-hour cut in the 39-hour week. Weekly basic rates for advanced craftsmen will rise from £214.50 to £223.28.

Compliments and cringes of the season

Clay Harris takes a look at this year's company Christmas cards

HARD TIMES make companies' task of selecting an appropriate Christmas card more difficult than usual.

When every expenditure faces the toughest scrutiny, it is easy to be blown off course in the annual effort to navigate between the twin hazards of anonymous good taste and blatant self-promotion.

It is not surprising, therefore, that many corporate cards this year have been made to earn their keep by carrying an overt commercial message.

Company names and logos figure prominently in the designs of an increasing number of cards, but the Association of Investment Trust Companies grinds its axe most explicitly.

Its letter to Santa in childish handwriting pleads for "the full £6,000 PEP allowance for investment trusts, a single retail regulator, certainty in my use of futures and options, and relevant, intelligible and comparable disclosure for all financial products".

By comparison, the British Wool Textile Export Board's card with grazing sheep is a masterpiece of subtlety, and far more attractive than Nuclear Power's depiction in pastels of its Heysham plants or National Power's pylons draped in Christmas lights.

The Post Office, which had ugly and openly commercial cards in 1990, has improved its aesthetic standard at least with a glossy photograph of the 24p Christmas stamp.

Ratners, the jeweller which had nothing to celebrate in 1991, follows last year's homage to Pop artist Roy Lichtenstein with a mock-Warhol silkscreen of Marilyn Monroe wearing a single garish earring. (If she can afford only one from Ratners, times *must* be bad).

Lord Hanson may have to mend his PR fences to discover the meaning of the card from Imperial Chemical Industries, which features a musk ox from "Wild Oxen, Sheep and Goats of all Lands, Living and Extinct". What, no corporate racehorse?

On the eve of 1992, "the accent is on Europe" in the words of IBM's card, which presents that phrase in a variety of languages liberally sprinkled with diacritical marks. On the same theme, hotel group Queens Moat Houses offers the flags of the European Community members as Christmas tree ornaments, while Baring Securities shows Father Christmas painting his reindeer with the 12 flags.

For companies seeking a secular and non-commercialised subject, views of London are a safe and popular choice. The best this year featured a panoramic view in five panels by Ceri Richards, sent by BAT Industries. A clever subliminal plug for the Smoke, perhaps.

"Let us show you our building" remains a favourite for narcissists, but Unilever's wide-angle view of its Blackfriars headquarters somewhat redeems the genre. The Financial Times card features a pre-Fire of London panorama and notes where the newspaper's office *would* be centuries hence.

Blackstone Franks proved some accountants have a sense of humour with a mock income tax form (pictured), and another firm, Casson Beckman, commissioned an eye-catching card from one of its clients, Indigo Design Company.

One way to attract attention is with an activity card. Lewis Silkin, solicitors, sent one thinly disguised as a brief held together in the middle by a cracker. When pulled, it reads: "All our writs are crackers".

Added Value, a London marketing agency, offers a punch-out-and-assemble Christmas ornament, while the DIY element of the card from Newcastle marketing services group Robson Brown Communico is a red balloon.

Many public relations companies again plumb the depths with self-promotion, caricatures of the partners and unfathomable in-jokes (but thanks to Grandfield Rork Collins for plugging the FT on its card).

Omer-Li Cohen PR nearly won this year's blasphemy competition with a cartoon of rag-mag standard showing a manger scene: "Mary sponsored by Virginal Records". "Star brought to you by Powercon", "Crib by Matercare", "Talc by Joshua & Joshua" and so – excruciatingly – on.

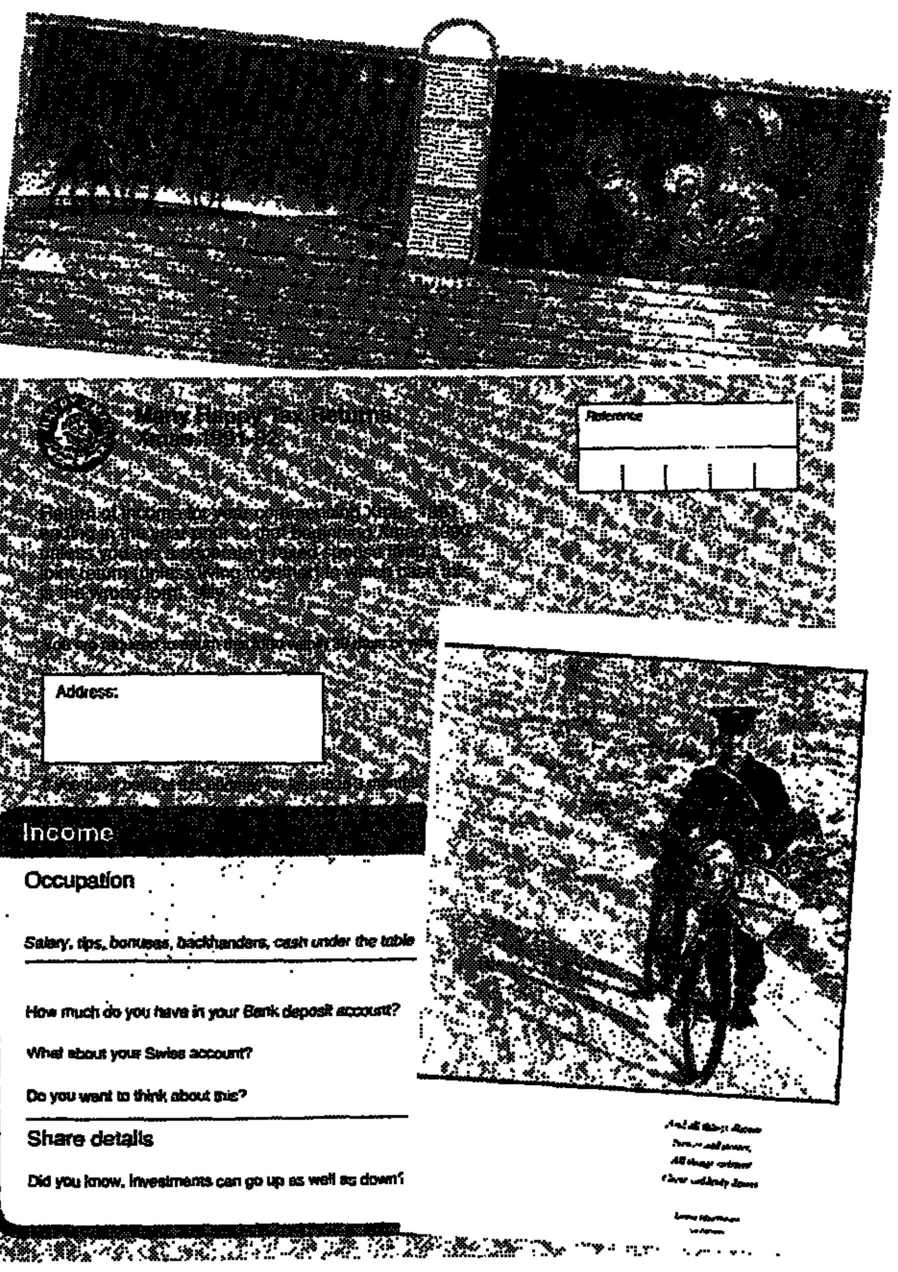
This was pipped for the blasphemy prize, however, by the card (pictured) from Mills & Allen, the outdoor poster contractor, which went a step too far to promote its "Twins" paired hoardings.

In the "worst taste – secular" category, it was a close contest between Liverpool picture agency Mercury Press's cartoon of the late Robert Maxwell and a grinning Father Christmas from Independent Insurance Company.

Santa's bare body is nearly covered by a white foam beard, which lifts to reveal a strategically placed sign: "We provide cover for almost anything." Does this sell insurance? The sender had the honesty to write: "*Awful isn't it*".

In sublime contrast, Allied Irish Bank sent the best card (pictured) which has crossed our desks this year – a 1939 photograph of an Irish postman taken by Fr Francis Browne, the Cork priest whose archive of 42,000 negatives has been restored through AIB sponsorship.

Its black-and-white simplicity stands out from the colourful crowd, and the Louis MacNeice quotation strikes an appropriate – and universal – tone for the year-end.



Sharp cards: Twins in a manger (top) is a step too far for corporate Christmas humour, but more secular efforts are less taxing. Better still is a nostalgic Irish photograph

Lloyd's signals support for unlimited liability

THE STRONGEST signal that the leadership of Lloyd's of London, the insurance market, is mounting a vigorous defence of the principle of unlimited liability has come from Mr David Coleridge, Lloyd's chairman, in a television interview to be broadcast tomorrow, Richard Lapper writes.

In spite of widespread unease among Names, the individuals whose capital supports underwriting at the insurance market, and the fact that a task force is due to report on the issue next month, Mr Coleridge says he is firmly in favour of unlimited liability – the principle whereby Names are liable for all insurance losses they incur.

Mr Coleridge's enthusiasm for unlimited liability suggests that the task force, chaired by Mr David Rowland, head of the brokers Sedgwick, will recommend retention of the principle. It was expected to abandon the idea.

In the programme Lloyd's of London, on Channel 4, Mr Coleridge says that unlimited liability is an important support for the security of insurance at Lloyd's.

Japanese plan £8m Scottish investment

A SUBSIDIARY of Matsushita, the Japanese electronics company whose brand names include Panasonic and Technics, is to invest £8m in equipping an electronic components plant at East Kilbride, Lanarkshire, James Buxton writes.

Matsushita Industrial Equipment (MIECO) will make fly-back transformers, used in computer monitors and televisions. It will employ 80 people, rising to 130 when fully operational.

Matsushita will initially supply the UK then develop an *export market*. The group makes televisions and other products at plants in south Wales and Berkshire, employing 4,700 people in Britain.

Sainsbury 7-day trade for 1992

J. SAINSBURY, the grocery chain, yesterday became the first big food retailer to announce it would open some stores seven days a week next year. The move was quickly followed by Tesco and Asda.

Sainsbury's said it intended to open a third of its 310 supermarkets on a seven-day basis.

"The decision has been taken because of the apparent intentions of our competitors to open on Sundays. If they subsequently *decide not to* open then neither shall we," Sainsbury's said.

Waldegrave beats trusts challenge

MR William Waldegrave, health secretary, yesterday overcame a legal hurdle which could have set back his scheme to create another 99 self-governing National Health Service trusts.

He fought off a High Court test case by Rochdale Metropolitan Borough Council to block plans to set up a trust in *the Rochdale area next April*. The council claimed the health authority and Mr Waldegrave had not followed proper consultation procedures.

Lord Justice Watkins and Mr Justice Judge rejected the challenge and refused to stop the minister making a statutory order to establish the trust. They will give their reasons early next year.

GRE protest

GUARDIAN ROYAL Exchange has followed Prudential and Legal & General by resigning from the Unit Trust Association in protest at comments made by the UTA on the selling of life policies and unit trusts.

Halford success

MS Alison Halford, the Merseyside assistant chief constable, *yesterday, won her High Court* battle to block disciplinary proceedings brought against her for alleged misconduct. She won court orders setting aside rulings of Merseyside Police Authority's senior officers discipline committee to suspend her and initiate disciplinary proceedings.

Mineworkers start talks to lease colliery

By James Buxton, Scottish Correspondent

BRITISH COAL is to negotiate leasing the disused Monktonhall colliery near Edinburgh to a consortium of former miners *and pit managers*. If a deal is reached it will be first time the state-owned company has leased out a deep mine.

British Coal put Monktonhall on a care and maintenance basis in 1987 when it closed the connected Bilston Glen pit. It said in August that it could not *justify redeveloping the* mine on economic grounds, in spite of a lengthy campaign by local authorities and the National Union of Mineworkers.

British Coal received two detailed offers from companies after it offered to lease the mine. Consultants advised it to negotiate with Monktonhall Mineworkers rather than with Caledonian Mining, a mining company based in the Midlands.

Monktonhall Mineworkers comprises former mining managers, engineers and miners who each intend to invest *£2,000 in the company*. Price Waterhouse, its financial adviser, said yesterday that the company must now conclude negotiations with financial institutions with whom it has had preliminary discussions on raising capital to reopen and operate the pit.

Mr Jim Parker, the company's managing director whose last job with British Coal was under-manager at Bilston Glen, said the company might need £5m. It hoped to be employing 187 men within six months of restarting the mine.

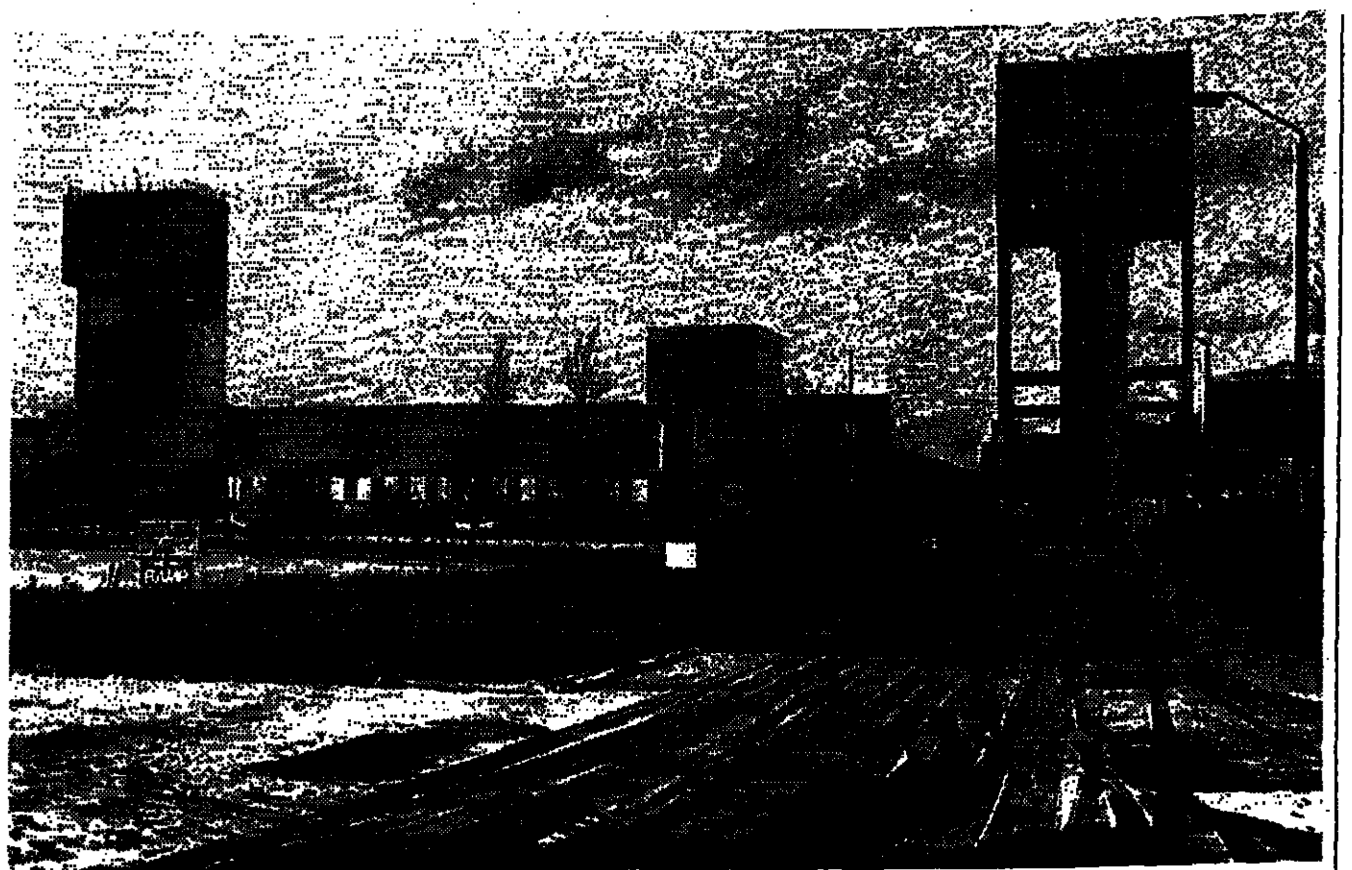
The company envisages *producing 5,000 tonnes of low* sulphur coal a week and turning over between £7m to £8m a year. The company hopes to sell coal to ScottishPower, with whom it has had preliminary talks, for burning in the nearby Cockenzie power station and also to supply domestic coal.

British Coal said in August that Monktonhall had lost £50m in its last year of operation. It would need substantial investment and even with high levels of productivity was not a long-term economic proposition for the corporation.

Mr Parker said that Monktonhall Mineworkers would run the pit on very different lines to British Coal. It would have only three layers of management compared with up to 40 in British Coal's case. Although members of the NUM would be welcome the union would have no negotiating rights.

All employees would be paid between £250 and £350 a week, based on productivity and output. Employment could eventually rise to 400-500.

"The seams are thinner than we would have liked," he said. But the company expected to save money by buying coalface equipment which British Coal is selling for scrap from pits it is closing. Mr Parker said his team *had studied the reopening* of other pits, including the mothballed Frances colliery near Kirkcaldy, and believes that with its management structure and worker share ownership other pits could be restarted.



Hopes surface: the disused deep mine Monktonhall may soon be reopened by a consortium of ex-miners and managers

EC takes action over milk monopoly

By David Gardner in Brussels

THE European Commission is to take Britain to the European Court because of attempts by the Milk Marketing Board for England and Wales to extend its recognised monopoly on the purchase of liquid milk to processed milk *products*, particularly skimmed milk.

Brussels also gave notice that it may seek an injunction to make the board lift restrictions on farmers' rights to process their own milk and market the products made from it.

The move by the commission yesterday comes as the milk monopoly attempts to resolve how to transform itself from a cartel into a network of voluntary co-operatives.

The Ministry of Agriculture, which last month rejected the Commission's "reasoned opinion" warning of court action under *Article 169 of the Treaty* of Rome, said yesterday it was considering what to do next.

The board has first refusal on all liquid or whole milk produced in the UK. The price paid to farmers is averaged out, irrespective of the value of the product into which it is made.

But huge growth in demand for skimmed and semi-skimmed milk – now about a third of the UK market – has *given farmers* the chance to earn more. By processing the milk themselves, or contracting with independent processors to separate the higher-added-value milk, they are increasingly evading the board's monopoly.

The commission said yesterday that "separation of milk into its cream and skimmed constituents constitutes processing and therefore dairy farmers engaging in this activity *can escape the board's compulsory powers*".

The case arose after complaints about the board's decision in February to include within its monopoly any liquid milk leaving the farm to be processed into skimmed milk.

Hope of building homes confidence

Richard Evans on the guarded welcome from estate agents over moves to aid the housing market

ESTATE AGENTS yesterday welcomed the moves by the government and mortgage lenders to *stem the tide of repossessions and inject some life into* the housing market, although some said it was like using a sticking plaster to staunch a deep wound.

"Fine so far as it goes, but it's pretty marginal. An increase in mortgage tax relief would have been a much better pump primer," was a typical response. There was no expectation that the housing market was about to be kick-started into life.

However, both parts of the deal struck between the government and mortgage lenders – the abolition until August of 1 per cent stamp duty on properties up to £250,000 and the attempt to engineer a substantial drop in the number of repossessions – were seen as helpful towards improving confidence. Mr David Woodcock, operations director of the Lloyds Bank subsidiary Black Horse Agencies, said: "What *the housing market needs* above all is confidence and an end to fear of redundancies and fear that prices have further to fall. Both these factors still exist after the latest measures."

The widespread view was that the housing market was at as low an ebb as it had been for years and, according to Hambro Countrywide estate agencies, "there's not much difference between Manchester and Maidstone". Hambro added *that the repossessions package* would help change attitudes and rebuild confidence. "If your mate in the pub is about to have his house repossessed, you are unlikely to be keen to enter the housing market."

The company welcomed a big potential fall in the number of repossessions because of the adverse effect enforced sales had been having on market prices.

Mr Ian Homersham, chair*man of John D. Wood, a Lon*don estate agency concentrating on expensive properties, said all sections of the market were affected by the rising tide of repossessions.

He added: "You have a situation where the fabric is tearing itself asunder because the market is oversupplied with houses as a result of repossessions ... any attempt to stabilise this has a beneficial effect, and the building society plans are very welcome."

Agents were divided about the temporary abolition of stamp duty. Some regarded it as a cynical political ploy to buy votes, and feared it might generate a "boom and bust" scenario when it came to an end in August.

Others were enthusiastic about the impact the saving would have on prospective purchasers. Mr David Gilchrist, general manager of Halifax Building Society, said: "Stamp-duty abolition should have a good effect on a virtually dead house market." He forecast a "modest" 10 per cent rise in the market next year.

Mr Tim Melville-Ross, chief executive of Nationwide Anglia estate agency, thought the measures would have an important impact on the housing market. The expected halving in the number of repossessions next year to 40,000 should help to get the market moving again.

"We would hope to see a higher level of transactions in the early part of next year, perhaps leading to a small upturn in prices later in 1992," he said.

Mr Andrew Robertson, a partner in Suttons, an indepen*dent agency in south Manches*ter, said the measures would boost general confidence in the market although they were unlikely in themselves to persuade more people to buy houses. "People don't really consider the possibility of having their houses repossessed when they buy them ... and a terraced house where we operate will average £35,000 so stamp duty would only be £300, but every little helps."

Additional reporting by Jimmy Burns, Neil Buckley and Robert Morgan.

Tories forced to refocus poll fight

By Ivo Dawnay, Political Correspondent

THE GLOOMY economic outlook has persuaded senior ministers that the government must aim its election strategy at fears of the economic consequences of a Labour victory.

With the increase in German interest rates all but shutting off the likelihood of further interest rate cuts in the UK, ministers are reconciled to the view that there may be few signs of a firm recovery before an election is called.

In consequence, they will shift the focus of the pre-election struggle to weighing what they term Tory prudence against the dangers of a Labour administration refuelling inflation through sharply increased public expenditure.

By contrast, Labour plans to launch a nationwide regional campaign in the new year spelling out its alternative programme of investment incentives and training programmes, underpinned by partnership between government and industry.

"The message will be that it doesn't have to be like this," a senior Labour official said. "What people want is a party that offers some hope."

Labour will also seek to raise its profile as government-in-waiting with visits by Mr Neil Kinnock to Brussels and Portugal, the new president of the European Community. The Labour leader will use the tours to discuss steps to reform EC regional and *structural funds* to benefit Britain's poorer regions.

Mr Norman Lamont, the chancellor, yesterday attempted to put a positive gloss on Britain's economic prospects, saying the country has "all the classic ingredients for recovery in place".

Speaking on BBC radio, he pointed out that no country was isolated from international economic trends, yet output had risen in the third quarter. "I am still looking to recovery gathering momentum next year," he said.

BR allowed to lease 700 wagons

By Richard Tomkins, Transport Correspondent

BRITISH Rail has won permission from the Treasury for an innovative leasing deal to finance the acquisition of 700 Freightliner container wagons worth £40m.

This is the first time BR has been allowed to lease rolling stock since its 1967 deal to acquire a fleet of Class 50 diesel passenger train locomotives.

That arrangement brought a rap on the knuckles from the Treasury, and BR was made to buy the locomotives when the lease came up for renewal.

The Treasury is deeply suspicious of leasing deals because they offer the potential to disguise *liabilities by keeping* them off the balance sheet.

The government insists that leasing by nationalised industries must be treated in the same way as borrowing, with the full value of the liability counted against the industry's annual borrowing limit.

Mr John Prescott, the shadow transport secretary, had recently urged the government to drop this stricture, vowing that a Labour govern*ment would allow BR to lease* badly needed commuter trains for Network SouthEast.

But Mr Malcolm Rifkind, the transport secretary, stressed yesterday that this order would be counted against BR's external financing limit.

BR was allowed to proceed with the deal, Mr Rifkind said, only because it offered better value for the public sector than BR's usual source of finance – the National Loans Fund.

Details of the deal have not been disclosed, but it is understood that the French-made wagons will be bought by a UK financial institution and go to BR on a *long lease*.

Economic growth in third quarter weaker than expected

By Peter Marsh, Economics Staff

ECONOMIC growth in the third quarter was weaker than previously thought, according to government fig*ures published yesterday*.

The Central Statistical Office said gross domestic product grew by 0.2 per cent between the second and third quarters, rather than the 0.3 per cent it estimated in preliminary figures last month.

Excluding oil and gas production, which was pushed up significantly in the summer by extra activity in the North Sea, the economy shrank between the second and third quarters by 0.3 per cent. This followed a *fall of 0.4 per cent between the first* and second quarters, and a 1.2 per cent drop between the final three months of last year and the following quarter.

The CSO said that, including oil and gas, GDP was 2.3 per cent smaller in the third quarter than in the the equivalent period last year.

Consumer spending, which accounts for about two-thirds of GDP, was just 0.1 per cent higher in the July-to-September period than in the *previous three months. This came* after a 1.6 per cent fall between the first and second quarters.

Some of the weakness in consumer spending can be explained by a fall of 6.7 per cent between the second and third quarters in spending on energy products such as fuel and power. This is thought to have arisen mainly because the third quarter was warmer than normal after a cool period from April to June.

Consumer spending on cars and *other vehicles rose 14.2 per cent* between the quarters, providing a strong boost to the economy, while spending on beer grew by 5.2 per cent.

However, these signs of stronger demand were offset by a fall in spending on furniture, floor coverings and general "consumer durables" such as electrical equipment.

In the third quarter companies stopped running down their stocks of components, raw materials and unsold goods after three successive *quarters of reductions. At 1985 prices*, the value of stocks rose by £21m in the third quarter, after falls of £836m, £1.1bn and £1bn in the final three months of last year and the first two quarters of this year.

Output by the service industry, which accounts for about 60 per cent of GDP, was flat between the second and third quarters.

R-R name may not go to a foreign buyer

By Ivor Owen, Parliamentary Correspondent

THE Rolls-Royce trademark could be withdrawn, in whole or in part, in the event of the car company being sold to a foreign buyer, Mr Edward Leigh, junior trade and industry minister, told the Commons yesterday.

He said Rolls-Royce, the aero-engine maker, still owned and licensed the Rolls-Royce car name, even though Vickers, the engineering group, owned the company.

Mr Leigh described this as "a very great protection" when stressing the speculative nature of reports that the ownership of Rolls-Royce Motor Cars, currently suffering big losses, might pass to foreign hands.

Mr Leigh maintained that one of the essential attractions of the Rolls-Royce car was its "unique Britishness".

He said Vickers, its parent company, had confidence that Rolls-Royce Motor Cars would recover from its trading difficulties.

"This may involve changes in manufacturing methods and working practices which may themselves have implications for employment," Mr Leigh said.

● A plea for a cut in the tax on company cars provided as a "tool of the trade" and not as a "perk" was made by Mr Roger King, Conservative MP for Birmingham Northfield.

He pressed for "some kind of stimulus", particularly for vehicle fleet owners, in the next Budget.

● The official profit margin for dealers in Volkswagen and Audi cars is to be cut to an average of 15 per cent from 17½ per cent on January 1, John Griffiths writes.

The move does not, however, reduce list prices. Instead it forms part of revised operating procedures for dealers aimed at discouraging them from what VAG (UK), the Lonrho-owned importer, sees as excessive discounting *now widespread in* the UK new-car marketplace.

The package seeks to achieve this, while protecting dealer earnings, through lowering the threshold at which they can earn bonuses related to sales volume from VAG.

N-plants can stay in operation

By David Lascelles, Resources Editor

FOUR ageing nuclear power stations were given a further lease on life yesterday by the Health and Safety Executive's *Nuclear Installations Inspec*torate.

The NII allowed Nuclear Electric, the state-owned utility, to continue operating four Magnox stations beyond the end of this year and until the end of their planned 30-year lives.

The four stations are Bradwell in Essex, Dungeness A in Kent, Hinkley Point A in Somerset, and Sizewell A in Suffolk. Of these, Bradwell will be 30 years old next March, but Hinkley Point will not reach that age until 1995.

The NII is still reviewing a fifth station, Trawsfynydd in *North Wales, which* was shut down at the beginning of this year.

The NII's decision follows mounting concern about embrittlement of the steel pressure vessels due to radiation.

Dr Sam Harbison, the chief inspector of nuclear installa*tions, said yesterday* that his inspectors had examined new information from Nuclear Electric and were now satisfied that there was adequate justification for keeping the four plants going.

The decision provoked a strong reaction from the envi*ronmentalist lobby. Simon* Roberts of Friends of the Earth said: "They go till they blow. Safety is being controlled with fingers crossed and eyes closed".

THE GUINNESS TRIAL

Seelig unaware of invoice change, jury told

By Raymond Hughes, Law Courts Correspondent

MR ROGER Seelig did not try to mislead Guinness over an invoice relating to losses suffered by a Swiss investor who supported it by buying shares during the Distillers takeover, the jury was told yesterday.

Mr Elliot Bernerd, former chairman of Morgan Grenfell's *property arm*, said the investor, whose support he had obtained at Mr Seelig's request and whose identity Mr Seelig had not known, had not told him *Guinness had asked that* the invoice wording be changed. Mr Seelig had said the invoice should be for "financial services". Guinness wanted it changed to "advising on acquisition of Distillers".

Mr Bernerd said as far as he was aware Mr Seelig had not known of the changed wording.

Mr Ernest Saunders, the company's former chairman who was jailed in the first Guinness trial last year, has lodged a complaint with the European Court of Human Rights "with the objective of quashing my conviction".

He was given parole last summer after serving 10 months of a five-year sentence. The Court of Appeal, which was told he was suffering from pre-senile dementia, halved his sentence in May.

Mr Saunders said: "This is the final step in the long process of clearing my name and reputation."

One of the charges Mr Seelig faces accuses him of false *accounting in relation to a* £1.9m invoice for "advising on the acquisition of Distillers" sent by the investor to Guinness. Mr Seelig asked if Mr Bernerd had thought either of them was trying to mislead Guinness. Not at all, replied Mr Bernerd.

Mr Seelig suggested that they had tried to provide whatever information had been *requested by Mr Olivier Roux*, Guinness finance director.

Mr Bernerd said he thought the matter had been discharged by the provision of a detailed breakdown of the investor's dealings.

Questioned by Mr Victor Temple, prosecuting, Mr Bernerd said that during the bid Mr Seelig had not asked him for details of the investor's dealings. Reminding Mr Bernerd of his evidence that he did not believe it had been unlawful for Guinness to reimburse the investor's losses, Mr Temple said: "You do not have legal qualifications. Who did you rely on in reaching *that* conclusion?"

Mr Bernerd said he would have been comforted by the fact that the matter was being *dealt with in a very open fash*ion by Mr Seelig, who he regarded as honourable.

Mr Seelig and Lord Spens, former corporate finance managing director at the Henry Ansbacher merchant bank, deny fraud and false accounting charges. The trial will resume on January 6.

Setback for right of silence in investigations

By Robert Rice, Legal Correspondent

THE RIGHT of individuals to refuse to answer questions which might incriminate them from government investigators has suffered a further setback in *the Court of Appeal*.

The court upheld an earlier High Court ruling that a refusal by Mr Peter Wilson, former chief executive of London United Investments, the failed insurance group, to answer Department of Trade and Industry inspectors' questions, *was "unjustified"*.

Mr Wilson had argued that the judge at the earlier hearing had been wrong to rule that Mr William Gage QC and Mr Angus Gilroy, the inspectors, were validly and lawfully appointed to investigate the affairs of LUI.

He claimed that there was evidence that the real purpose of the investigation was to discover whether he and other defendants to a commercial court action by the administrators of HS Weavers (Underwriting), a subsidiary of LUI, were guilty of a criminal conspiracy to defraud and steal.

He argued that the funda*mental issue was over* the extent of the power under the 1985 Companies Act to investigate and report on a company's affairs – whether that power extended to investigating whether a criminal offence had been established, and whether the appointment of inspectors could be used to enable suspects to be interrogated.

Mr Wilson argued that it was not the function of either the DTI nor DTI inspectors to investigate crime – that was the function of the police or, in the case of fraud, the Serious Fraud Office.

If he were questioned by the SFO, he would be bound to answer *the questions put to* him, but would at least know that nothing he said could be used in evidence against him unless he was being prosecuted for making a fraudulent or misleading statement. If he were questioned by police he could invoke the right to silence.

But the Appeal Court ruled that since the secretary *of* state's powers under the 1985 act were clearly exercisable where there were circumstances suggesting fraud, it was likely in many cases where inspectors were appointed that a police or SFO investigation might also be appropriate.

While there were cases where the Companies Act powers overlapped the field of criminal investigation, the two regimes were separate. Indeed there were bound *to be cases* where investigation by inspectors could lead to results which were not open to the SFO or the police, the court said.

The court also ruled that Mr Wilson was not entitled to rely on the common law privilege against self-incrimination as entitling him *to refuse* to answer inspectors' questions.

When passing the relevant part of the 1985 Companies *Act, it* was clear that parliament intended to take away a person's right to rely on the privilege against self-incrimination as a *ground for* refusing to answer questions.

If the customer is always right, the world's best airline is Swissair.

Air travel is more than just a convenient way of getting from A to B...or Z. Airlines compete with each other to provide passenger satisfaction. An airline's success, indeed its survival, depends on it. Over the past 26 years, an independent research company, the International Travel Research Institute (INTRAMAR), has developed techniques to measure this crucial factor. It has evaluated passenger satisfaction for a total of 95 airlines in 72 countries. Its latest survey, the recently published *Intramar World Airline Monitor 1990-91*, identifies the decisive influences:

Top factors in passenger choice of airline and satisfaction rating.

1.	Punctual flights	76%
2.	Excellent in-flight service	59%
3.	Superior aircraft	52%
4.	Comfortable seats	48%
5.	Efficient reservations	44%
6.	Discounts/money-saving deals	43%
6.	Good check-in service	43%
8.	Clean cabins, seats, washrooms	38%
9.	Good food and beverages	36%
10.	Attractive frequent flyer plans	28%
11.	Superior business class	26%
12.	Superior first class	17%

Who says so?

INTRAMAR interviewed 1,450 respondents in forty major cities, in 26 different countries in Europe, North America, Asia, and Australia. They are qualified to make a sound judgement by reason of two important sampling requirements. In the first place, they are all frequent travellers, who make an average of ten international flights per year. Secondly, they are experienced travel agents, with an average of ten years in the travel industry, who are professionally knowledgeable regarding airline service and performance. And they weren't just sent a questionnaire to fill out and return. They were interviewed in person.

How do they know?

From their own flight experience. Each of them had flown the airlines they reported on within the past three years – a total of 32,000 recent flights on 44 different airlines.

These seasoned travellers hold strong opinions. In most research studies, a high proportion of respondents will opt for an easy 'don't know' or 'no opinion' answer, usually between 10 and 20 per cent of any sample. In this survey of airline satisfaction ratings, more than 99 per cent of those questioned wanted to express an opinion.

How did they rate the airlines they fly?

In total, 44 airlines were graded in seven different categories (figures represent the number of airlines in each category):

Above average		Below average	
Super-Excellent	9	Fair	4
Excellent	12	Rather poor	6
Good	3	Very poor	6
		Extremely poor	4

Twenty airlines were rated below-average, in the categories 'Fair' to 'Extremely Poor'. The study does not disclose these by name, except to the airlines concerned. However, it does identify the 24 carriers which performed above-average:

The 24 top airlines.

Super-Excellent		Index
1	Swissair	180
2	Singapore Airlines	173
3	Lufthansa	165
4/5	Cathay Pacific	157
4/5	Thai International	157
6	KLM	154
7/8	British Airways	150
7/8	Japan Airlines	150
9	Finnair	149
Excellent		
10	Virgin Atlantic	148
11	Qantas	147
12	Air Canada	146
13/15	All Nippon Airways	144
13/15	South African Airways	144
13/15	SAS	144
16	Varig	137
17	Japan Air System	136
18	American Airlines	133
19	Air New Zealand	132
20/21	Canadian Airlines	124
20/21	Air France	124
Good		
22	Gulf Air	118
23	Malaysia Airlines	117
24	Delta Air Lines	108

The average Passenger Satisfaction Index for all 44 airlines surveyed is 106.

(It should not be assumed that an airline which does not appear on this list has a below-average passenger satisfaction index. The survey did not cover all of the world's airlines, just 44 of the better-known carriers.)

The competition to provide passenger satisfaction continues.

Swissair is proud to have been named as the first choice of the world's most knowledgeable and seasoned travellers. (At this level, the researchers say, the phrase should be 'passenger enthusiasm'!) We extend our congratulations to our 23 competitors who also achieved above-average ratings. We know how dedicated you have to be in every area of airline operation to gain the confidence of the travelling public. It takes a long time to win, and it can be so easily lost.

We also realise that these competitors will strive their utmost to dislodge us from first place in the years to come. So, for Swissair, the message of this survey is, 'If at first you succeed, try and try again'.

Swissair has obtained the permission to publish this information, which is extracted from an article written by Dr. George Hodel, director-general of the International Travel Research Institute (INTRAMAR), Hong Kong. It first appeared in the December issue of the magazine, 'Airline Business'.

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NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Weekend December 21/December 22 1991

A winter of discontent

AFTER WHAT the Bundesbank did on Thursday and the Federal Reserve on Friday, can captain Major and first mate Lamont still sail the battered British economic vessel between the Scylla of German rectitude and the Charybdis of American panic? Can they hope to steer a course to electoral victory? Whatever their chances were, they are now slimmer.

The external economic environment is certainly wintry. The Bundesbank is obsessed with the inflationary consequences of unification; the Federal Reserve is obsessed with the deflationary consequences of debt. Consequently, the German discount rate, at 8 per cent, is at its highest level since the second world war, while the American discount rate, at 3.5 per cent, is at its lowest level since October 1964.

The unhappy result for the UK, not to mention the rest of Europe, is a yield differential for the D-Mark over the US dollar that has not been approached since 1951. The gap has moved since early 1988 from 3.5 percentage points in favour of the dollar, to 4.5 percentage points in favour of the D-Mark, a swing of 8 percentage points. Yet between 1988 and 1991 overall German inflation (as measured by the deflator for gross national product) has deteriorated, relative to that in the US, by only 2⅛ percentage points.

For a government interested entirely in the short term – as shown by its panic-stricken attempts to halt the tide of home repossessions and kick-start the housing market – these external developments are unambiguously bad news.

Further sluggishness

Higher German interest rates would, on their own, have virtually eliminated any short-term chance of lower UK rates and considerably increased that of an interest rate increase. But they have also ensured further sluggishness in the European economy, which absorbs more than half of British exports. Meanwhile, lower American interest rates reveal the depth of official concern about that ailing giant's immediate prospects; and they could well mean a weaker dollar.

Yet it is taken together that these changes are most ominous, particularly if – as seems probable – the French and Italian authorities are forced to follow the Bundesbank's lead.

As the OECD's latest Economic Outlook makes clear, the British may have a German monetary policy, but its economy is in an American condition, though worse. UK GDP is expected to decline by 1.9 per cent in 1991, while the American fall – source of so much panic – is forecast by the OECD at only 0.5 per cent.

How then might one justify short-term British rates of interest more than 6 percentage points above those in the US? The higher rate of British inflation justifies higher rates of interest, but this gap is little more than 2 percentage points. Meanwhile, as a ratio to disposable income, household liabilities are higher even than in the US, this being one reason why the state of the British housing market is so dire.

Virtually all the economic news this week confirm the weakness of the British economy. Seasonally adjusted unemployment jumped by 39,000, to reach about 2½m, so ending a series of declining increases in unemployment. The CBI's December monthly trends survey showed that earlier evidence of a faint upturn in output and export orders has vanished, dashing hopes of a recovery early next year.

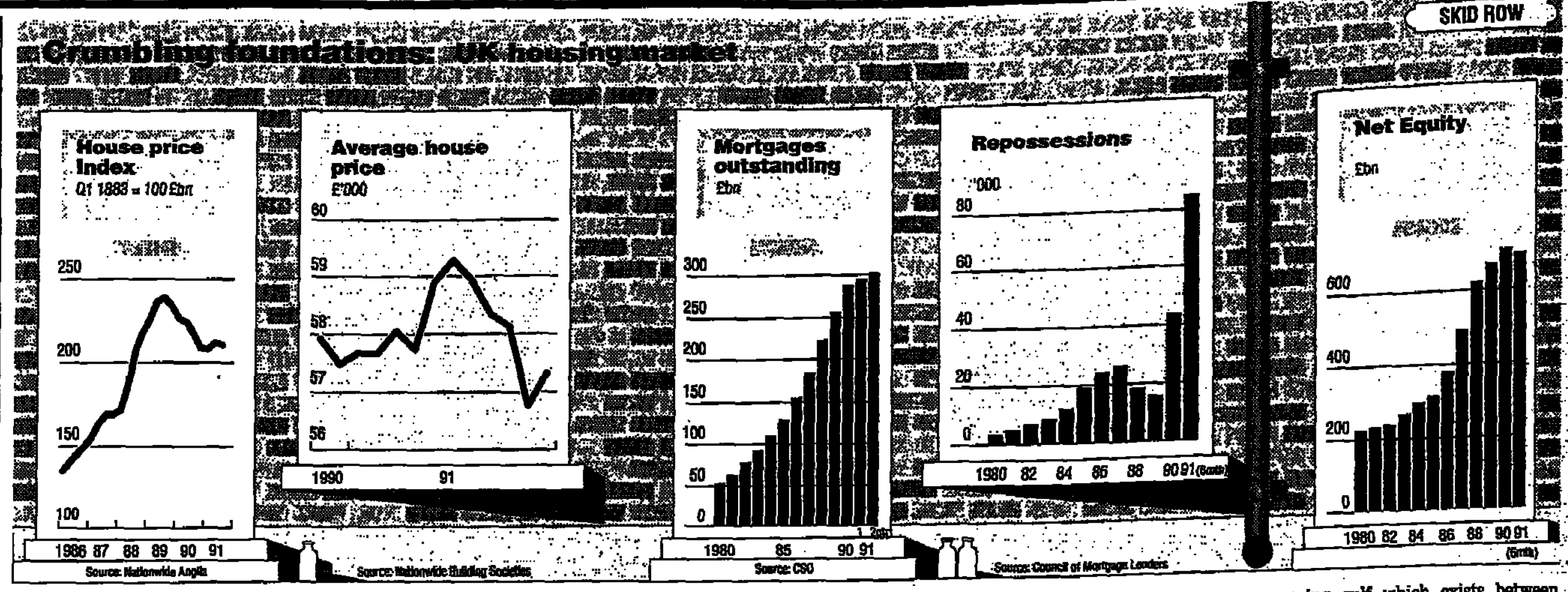
Dismal prospects

The only major sectors of the economy to show increased activity between the second and third quarters of 1991 are energy (up 3.8 per cent) and distribution, hotels and catering (up 0.5 per cent). Sterling lending to the private sector may have risen by £4bn in November, but annualised growth of broad money over the latest quarter is less than 5 per cent.

Among conservatives, Mr Norman Lamont is being made the scapegoat for Britain's dismal prospects. True, he does not present a very cheerful face, but this goes to show an honest disposition. Mr Lamont has little to be cheerful about. Nevertheless, he is being unfairly blamed for what he did not cause, the sad reality that hell has no fury like a Bundesbanker scorned.

Mr Lamont was not responsible for the decision to put sterling into the ERM at the demanding central rate of DM2.95, on the eve of a deep recession and when Germany was in the throes of unification. He has at least avoided the error of putting sterling into narrow bands and has tolerated a substantial amount of fiscal pump-priming.

The chancellor's chief mistake is not to argue for giving responsibility over monetary policy to the Bank of England. That august institution would not have any more freedom of manoeuvre than he does, but he would at least no longer bear the blame for what he cannot control. As for the government, it must grin and bear its Very Unmerry Christmas.



The UK housing market crisis threatens to explode in election year, writes Barry Riley

Panicky climax to a dangerous game

On Thursday Mr Helmut Schlesinger, president of the Bundesbank, fired a cannonball service in the shape of an unexpectedly large half-point rise in DM interest rates.

In reply Mr Norman Lamont, British chancellor of the exchequer, could only scramble a weak return from the back of the court. He temporarily abolished stamp duty on house purchases up to £250,000 until next August, and approved a hasty scheme for building societies and banks to reduce the level of repossessions next year.

But in suburban streets and housing estates all over Britain, and especially in the south-east, many home owners watch anxiously. Will it be game, set and match to the Germans?

Only last March Mr Lamont was actually reducing the tax incentives for house purchase when he scrapped higher-rate mortgage interest relief. The fact that he is now introducing emergency measures aimed in the reverse direction shows that the government has completely failed to understand the impact that taking sterling into the European Community's exchange rate mechanism would have on the housing market.

It also reflects the fact that the election has had to be delayed well beyond the June or October 1991 dates that the government originally hoped for. The housing market crisis is mounting steadily and inexorably over time, and is threatening to explode next year. Instead of crumbling gently, values could suffer a "meltdown".

Viewed from Mars, or even Frankfurt, it might seem there is little seriously wrong with the British housing market. Prices, if you believe the main building society indices, which perhaps you should not, are only 1 or 2 per cent below what they were a year ago. Payments on about 90 per cent of mortgages are fully up to date, and 40 per cent of home owners have no mortgage anyway.

The difficulties are real enough, however, and they arise at two levels. First, there is the extreme agony of the families subject to repossession, or unable to keep up their payments and facing great anxiety about the future. But it is a problem largely confined to people who bought in the past four or five years, and it is very much localised in London and the home counties.

Such people include both genuine hard-luck cases and greedy property speculators. Either way, their heart-wrenching appearance on prime-time TV news bulletins in the run-up to the election is forcing an emergency response by the politicians.

The second-level effect is less spectacular but of much greater long-term significance. It is that house prices are turning soggy in a way which is undermining the confidence and the spending power of a large section of the community. This is a problem that will not go away so long as sterling is hitched to the DM.

During the 1970s and the 1980s the housing market became a great inflationary machine for generating wealth. Three separate price bubbles – in 1972-73, in 1978-80 and in 1986-88 – enriched millions, while inflation averaging 10 per cent a year quickly eroded the burden of debt.

The operation of the "housing ladder" was graphically explained by the monetarist economist Mr Tim Congdon in a recent Gerrard & National monthly review. In the good times, if yuppies kept moving to bigger and bigger properties, and maintained their mortgage debt close to the normal maximum of three to three-and-a-half times their rising salaries, the gains would average roughly a third of their pay. And it was all tax-free.

But the ladder depended crucially on rises in house prices. A home owner with rapidly increasing equity in his property could put some of that wealth down as the deposit on his next mansion, while probably also releasing a handsome sum to buy his replacement BMW. Higher debt would finance all this, and also the improvements no doubt required for the new home.

Mortgage lending rocketed from £7.3bn in 1980 to a peak £38bn in 1988 as building societies, banks and other institutions scrambled to take advantage of financial market deregulation. Lending has subsequently eased to about £30bn a year, but arguably it is still much too high to be compatible with German-style financial stability.

Now we have the crunch. House prices have stopped rising, and that has disastrously knocked the rungs out of the ladder. After four or five years, the yuppie's equity has not risen, and has probably fallen, especially if he has been rolling up part of his interest instalments through a low-start mortgage.

His chances of progressing to a bigger house are just about zero. He will not be buying a J-registration BMW this year.

It is therefore the middle and upper layers of the housing market that are hardest hit. At the lower end, which the main house prices indices focus on, values are only slightly soft. First-time buyers provide an underpinning at this end of the market, especially outside London.

If the flow of repossessed homes being dumped on the market could be stemmed, the price outlook in many regions might not be too bad. After all, average earnings, to which mortgage limits are linked, are still rising at 7¼ per cent a year.

With more expensive properties, however, the outlook remains bleak. Mr Lamont's 1 per cent stamp duty hand-out is tiny compared to the yawning gulf which exists between the typical home owner's idea of what his property is worth and the reality of the market place.

Many expensive houses in the south-east have probably lost at least a third of their value since 1988. It is hard to be sure, because few have found buyers.

Tory ministers are at last coming face to face with the inconsistencies of their policies. On the one hand Mr Lamont proclaims that he is determined to hold sterling at a central rate of DM2.95 and to stamp out inflation. On the other, he is unprepared to accept the consequences as the inflationary overvaluation of much of the British housing market is corrected.

The government has for years played a dangerous game. It has encouraged people to become owner-occupiers not by making cheap property available (except to council house tenants) but by overstimulating demand and by generating a panic buying atmosphere, especially in 1988.

Any price bubble creates a huge question-mark about how the higher values can be sustained in the future.

In the past the answer has been a burst of inflation in order to erode the burden of debt. Inflation surged in 1974 and 1975, and again in 1980 and 1981. But in 1990, just after the third big house-price boom, the government perversely locked into the ERM.

Now the government has persuaded the lending institutions to find up to £1bn to shore up the bottom end of the market. It is not very much, considering that £30bn a year of net new mortgage lending is failing to support prices. But it is just possible that, if narrowly focused on the main problem areas, it might limit the damage until after the election.

In general, though, the housing market still has a long way to go to complete its realignment. Instead of a backhand down the line, the chancellor may only have managed to hit a volley into the net.

Expensive sticking plaster

Political instinct is paramount, says Philip Stephens

It was an article of faith in the Thatcher era that significant tax changes were announced only once a year in the Budget. It marked out the gulf, we were told, between competent Conservative economic management and the frantic fine-tuning to which Labour governments had been driven during the 1970s.

We are no longer in the Thatcher era. The Tory MPs who left Westminster last night for a brief Christmas respite before returning to the trenches of the general election campaign have lost interest in abstract credos. After 12 years with their hands on the levers of power they want to win the election. For the first time since 1979 they are having to admit that they may lose it.

So for most, this week's "mini-budget", announcing the suspension of stamp duty on most house transactions until a month after the latest date for the election, was no more than common sense.

There was a simple logic: the economy was the biggest threat to the government's electoral prospects; the crisis in the housing market was holding back the consumer confidence needed to fuel recovery; the surge in housing repossessions was provoking terrible headlines for the party of home ownership; so Mr John Major had to come up with a package to stimulate the property market.

"You may call it government-by-gimmick. We call it good politics," said one cabinet member. "I only wished he had suspended income tax as well," added a one-time Thatcherite stalwart. He was only half-joking.

Never mind that the opposition talked of cynical electoral bribes or that some of the older hands on the Conservative benches acknowledged a parallel with the knee-jerk style of Labour governments under the then Mr Harold Wilson.

Another minister recalled that for a decade and more the Conservatives had been attacked for preferring conviction to pragmatism. Now it was listening and the critics were carping at that. "You in the chattering classes may worry about ideology. The voters wanted us to do something and we want to win the election. That's it."

There were reminders too that Mrs Margaret Thatcher had never been quite as faithful to the sanctity of the market as folklore would have it. She was always more conscious than her colleagues that home-ownership was the route by which she had entrenched Tory support among the working classes.

Yet this week's package did mark another milestone in the break with the past: a shift from a Whitehall world in which the prime minister thought the electorate had to be led and often dragged behind her, to one in which bad headlines frequently dictate Downing Street's agenda.

Some sought to explain it as a temporary phenomenon reflecting the Conservatives' precarious political position. Mr Major, it is said, will be less malleable once he has an election victory under his belt.

There should be no doubts about his political acumen. Even for those who watch him daily it is too easy to forget how carefully and purposefully he managed his rapid ascent. No prime minister could want to win the election as much as he does.

That provides part of the explanation. Yet the housing package serves also as another reminder of a more important transition from theology to political instinct.

The prime minister has not abandoned his predecessor's rhetoric. He will fight the election on such slogans as "ownership", "choice" and "individual responsibility". He believes in them; but not to the exclusion of all else.

His record over the past year has confirmed that the politician who as chancellor described his role as that of "supply-side social engineer" believes in an active role for the state.

So this week's announcement was the latest in a sequence which has included a generous public spending settlement, the reinstatement of child benefit, and a public relations barrage against the banks' treatment of small businesses.

Economic management, a Downing Street official explained without a hint of irony, is about "doing what's necessary in the circumstances". It is no accident that Mr Michael Heseltine, environment secretary, who has pressed for a housing package for some months, is now one of the most frequent visitors to Mr Major's study.

But the break with the conviction politics of the prime minister Mr Heseltine drove out has left its jagged edges. Despite the denials this week it has long been an open secret among cabinet colleagues that Mr Major and his chancellor are not the closest of friends.

Mr Lamont, who served his apprenticeship at the Treasury under Mr Nigel Lawson's chancellorship, has kept greater faith with the drive to deregulation and liberalisation that many in his party now blame for its present problems.

He is a Euro-sceptic who went along with but showed no real enthusiasm for Mr Major's pragmatic approach to the Maastricht summit. He is the chancellor who used his first budget to deliver a kick rather than kick-start to the housing market by limiting income tax relief to the basic rate.

Mr Major's office insisted this week that the idea of suspending stamp duty has come from Mr Lamont. What it did not add was that the chancellor had put forward the plan only after the prime minister had demanded action.

The temporary nature of the stamp duty move was a compromise. Mr Lamont's fear must be that if the housing market does not respond he will face intense pressure in the Budget to perform a U-turn on mortgage interest relief.

Mr Lamont believes the government cannot apply an expensive sticking plaster every time its support falls in the opinion polls. Mr Major would prefer to spend the odd £1bn or so than to lose the election. It is not an unbridgeable rift. Mr Major has overruled his chancellor on one or two other spending issues and has sometimes been impatient about the pace of interest rate cuts, but he is conscious that Mr Lamont inherited rather than created the present economic mess.

It is that mess rather than temperamental differences between Downing Street neighbours that poses the real threat to the Tories. There may be more, expensive, mini-budgets to come between now and the election. But as Mr Major might say, that is politics.


Major: wants to win


Lamont: inherited mess

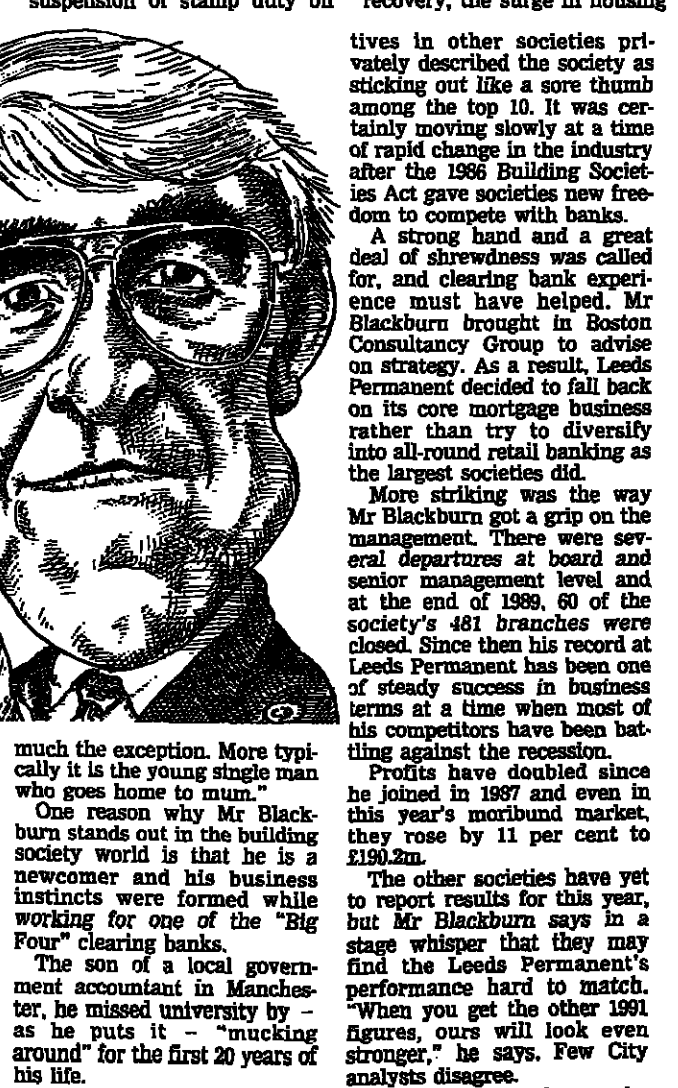

Heseltine: pressed PM

MAN IN THE NEWS

Mike Blackburn

Mancunian who rarely minces his words

By David Barchard



Altercations between building societies and the government are pretty rare. In the English shires, where most societies have their headquarters, a dutiful Victorian ethos prevails. In any case, it is still less than a decade since the government set the societies free to go their own way as lenders; a century-old habit of meekness *vis-à-vis* Whitehall has not yet evaporated.

So it was predictable that there would be few protests this week when Mr Norman Lamont, the chancellor, called in the chiefs of the building society movement for what was an essentially political purpose – that of trying ahead of next year's general election to staunch the flood of homes repossessed by lenders.

The only voice raised in protest was that of Mr Mike Blackburn, chief executive of Leeds Permanent, the fifth largest society.

"Perhaps building society chief executives should be flattered that the government should think we can come up with a cure in two days for a problem they took two years to create," thundered Mr Blackburn, adding for good measure that while the government was displaying "brass neck" in demanding assistance from the societies, he was pleased the government had at last woken up to the problem.

As a result, Mr Blackburn, a mischievous-looking figure with a shock of white hair, spent his 50th birthday on Wednesday under the glare of the television cameras.

So far no other society leader has dared make a similar comment in public – though in private several have expressed their relish at his remarks.

Nor was this the first time that Mr Blackburn, a blunt Mancunian, has used tough language in public about the government. Last April, he accused Mr Lamont of making outrageous use of retrospective legislation to trample over court rulings with a budget proposal designed to block Leeds Permanent from recovering £57m in double taxation paid in the mid-1980s.

"It is hardly calculated to endear me to the Treasury or the government," Mr Blackburn admits. "But I believe in home ownership and thrift and am more of a natural Tory than a Marxist. We don't mind being the odd man out here, particularly when we think we are right.

"I think this week's activities are more to do with political agendas than housing agendas," he says.

Not that he would dismiss the real problem of repossession. To prove it, Mr Blackburn – who stayed away from the week's first meeting with the chancellor on Monday, but attended the second one on Wednesday – says that Leeds Permanent will unveil its own £100m housing package in the new year as part of the £750m which the government has persuaded lenders to pledge.

He indicates that this will operate on somewhat different principles from the schemes produced so far, which work by turning home-owners into tenants. "Our package will tackle arrears at both ends – when they are starting to build up and when repossession is looming," he says. "We want to keep home-owners as home-owners and not to turn them back into tenants" – hinting perhaps at a scheme to convert debt into equity.

Mr Blackburn's fundamental criticism of the government is that it is narrow and selective in its approach to the housing problem: he believes it should be tackling a much broader range of issues. "There needs to be a serious multi-faceted approach."

What he means is something more than the usual shopping-list produced by building society chiefs, topped by improved mortgage interest tax relief for first time buyers; he wants a longer term rental market and a serious government building programme.

Mr Blackburn nevertheless takes a reasonably tough line on the evictions issue. "People think that repossessions mean a husband, wife and two young kids being thrown into the Strand," he says. "That is very much the exception. More typically it is the young single man who goes home to mum."

One reason why Mr Blackburn stands out in the building society world is that he is a newcomer and his business instincts were formed while working for one of the "Big Four" clearing banks.

The son of a local government accountant in Manchester, he missed university by – as he puts it – "mucking around" for the first 20 years of his life.

At 20, he joined Lloyds Bank, giving himself 10 years to become a manager: an ambition he describes as "reasonably adventurous at the time" and which he duly achieved. He spent the next 26 years at Lloyds, which seconded him in 1983 to run the Access credit card organisation at Southend.

But in 1987, when he was due to end his time at Access, he was approached by a head-hunter looking for a new chief executive for Leeds Permanent.

The chief executive's job at Leeds Permanent was agreed to be a challenge; some executives in other societies privately described the society as sticking out like a sore thumb among the top 10. It was certainly moving slowly at a time of rapid change in the industry after the 1986 Building Societies Act gave societies new freedom to compete with banks.

A strong hand and a great deal of shrewdness was called for, and clearing bank experience must have helped. Mr Blackburn brought in Boston Consultancy Group to advise on strategy. As a result, Leeds Permanent decided to fall back on its core mortgage business rather than try to diversify into all-round retail banking as the largest societies did.

More striking was the way Mr Blackburn got a grip on the management. There were several departures at board and senior management level and at the end of 1989, 60 of the society's 481 branches were closed. Since then his record at Leeds Permanent has been one of steady success in business terms at a time when most of his competitors have been battling against the recession.

Profits have doubled since he joined in 1987 and even in this year's moribund market, they rose by 11 per cent to £190.2m.

The other societies have yet to report results for this year, but Mr Blackburn says in a stage whisper that they may find the Leeds Permanent's performance hard to match. "When you get the other 1991 figures, ours will look even stronger," he says. Few City analysts disagree.

Leeds Permanent has not by any means survived the depression unscathed: there was a bad debt charge of £44.3m and a further £19.9m written off for unpaid interest.

But perhaps because of his success, he is not prone to the gloom affecting some corners of the housing market. "I don't think home-ownership is going down the tubes. Home-ownership is still the overwhelming aspiration of 77 per cent of people in this country," he says. "There's nothing so fundamental as having a roof over your head."

Europe's honeymoon starts to sour

David Marsh says harmony has quickly faded after Maastricht

The summiteers of Maastricht have not had much time to enjoy a honeymoon. Only a week after the ambitious accord on European union forged at the gathering in the Netherlands, cracks in the edifice of European harmony are growing startlingly evident.

Governments around Europe have long been aware that they are trying to press ahead with political and monetary union at a particularly awkward time. The strong nationalist forces at work in the Soviet Union, Yugoslavia and elsewhere in the eastern fringes of Europe, provide a disturbing and ironic counterpoint to the tortuous efforts to set up supranational decision-making institutions in the west of the continent.

None the less, this week's events have produced a surprising degree of evidence that, for all the rhetoric of Maastricht, European policy-makers are putting the national interest first. In three top-of-the-agenda areas in Maastricht – finance, foreign policy and industry – national solutions this week have ruled supreme.

● The Bundesbank on Thursday decided to lift Germany's discount and Lombard rates to the highest levels since 1931. The central bank served notice that its domestic preoccupation of beating inflation takes clear precedence over the wishes of its partners in the European Monetary System – especially France and Britain – to ease credit quickly and spur economic growth.

● On Monday Mr Hans-Dietrich Genscher, the German foreign minister, upset many of the country's EC partners by insisting on early recognition of Croatia and Slovenia. Britain backs the US line that the move may be premature and could end up prolonging rather than ending the Yugoslav civil war. Formal recognition will not take place until January 15. But Germany has made clear that it regards the step as a foregone conclusion – raising doubts about whether Bonn really feels bound by the common foreign and security policy to which it signed up last week.

The Bonn government's call for early recognition receives strong backing from German public opinion – above all because of German belief that the breakaway republics should be given the same right to self-determination as enjoyed by east Germans two years ago.

● On Wednesday France announced a highly interventionist industrial move, amounting to a return to its traditional policy up to the early 1980s of picking "national champions" to stand up to international competition. In the first of a series of schemes to merge state-controlled technology companies, a FFr90bn turnover conglomerate Thomson CEA Industries, is being set up to pool expertise in electronics, nuclear industries and biotechnology.

According to the French industry ministry, the aim is to set up with state support a company of size and scope capable of rivalling Siemens of Germany and Japan's Toshiba.

The pivot of the new structure has to be treated with respect. It is an institution which can lay claim to being France's most successful and powerful in the post-war period – the Commissariat à l'Energie Atomique (CEA), the French nuclear energy commission, which has presided over France's civil and military nuclear build-up since 1945. Despite these impressive credentials, the idea of forming a "French Siemens" across the Rhine has been greeted this week with polite ribaldry by German commentators. They point out that Siemens has grown up organically rather than through state planning, and anyway has turnover nearly three times the size of the merged French group.

Although the three measures are in separate fields, there is one important link. Germany's increased political and economic importance since unification is producing a new climate for European decision-making – in which priority almost automatically goes to pleasing, adjusting to, or competing with the new federal republic.

Mr Genscher's independent line on Monday was a forceful reminder of united Germany's new assertiveness. In terms of Bonn's general foreign policy, "it is quite right that Germany should be allowed to flex its muscles, just as Britain and France do in other ways," says Ms Helen Wallace of London's Royal Institute of International Affairs. "But the judgment on Yugoslavia is adrift. I sympathise with the officials in Whitehall who are saying, 'What are these people up to?'"

There was similar discomfiture over the Bundesbank's action. Senior British Treasury officials had for more than a month ringed December 19 in their diaries as the date when the Bundesbank would tighten credit – but the size of the increase still came as a surprise.

In a bid above all to water down the monetary dominance of the Bundesbank, France has channelled massive political effort into reaching last week's Maastricht deal for concluding monetary union by 1999 at the latest. But the French finance ministry – like the UK Treasury – may now face pressure on the foreign exchange markets to reverse its desired policy and match the German increase.

One continental central banker – whose central bank followed the Bundesbank on Thursday by increasing its own discount rate – yesterday had some sympathy for the Bundesbank's line that defeating inflation is as much in Europe's interests as in Germany's. "We would never have had an agreement on monetary union if the D-Mark were not an anchor of stability," the he said. "And if the D-Mark ceases to have this function, there will be no Emu."

This argument cuts little ice in France. The French government blames lop-sided German economic policies since unification – especially the huge budget deficit and a corresponding rise in inflationary pressures – for throwing economies out of kilter across the continent.

"The Bundesbank once again has shown evidence of nationalism," one senior French official said yesterday. "The Germans are becoming exasperated that they no longer have the lowest inflation rate in Europe – and this leads to a certain lack of moderation."

Mr Jochen Thies, editor of the Bonn-based German foreign policy magazine Europa-Archiv, complains that Germany is analysing problems increasingly from its own point of view. This applies both to the Bundesbank step and the Croatia decision, he says. "The foreigners are no longer taken into account."

German reaction to the Bundesbank interest rate rise, as Mr Thies pointed out, has concentrated overwhelmingly on the effects on the domestic economy, rather than on the difficulties it will cause abroad. Behind Germany's "benign neglect" there are intriguing parallels with the US. Reflecting the power and scope of its currency, Germany now assumes a monetary role within Europe similar to that played by America on the world stage during the years of the fixed exchange rate Bretton Woods system. Just as America's own domestic problems caused economic disturbances at the end of the 1960s and the beginning of the 1970s, Germany's post-unity turbulence now seems to be preventing it from implementing an economic policy in line with both domestic and international requirements.

As debate gains momentum across the whole of Europe over the effects of the Maastricht deal, German public opinion will prove crucial in determining whether the accord is ratified by the German parliament.

So far, the auguries do not look encouraging. French right-wing commentators are criticising President François Mitterrand for toeing the Germans' anti-inflationary line over monetary union – but an influential part of German opinion, from both the right and left, declares that Chancellor Helmut Kohl has given away control over the D-Mark for too low a price.

The best cure for post-Maastrich blues would be an economic revival across Europe next year, which would make governments far more in favour of integration than during a period of slowdown or downright recession. Unfortunately, the Bundesbank's action this week signals that some time will elapse before the economic storm clouds lift – a sign that, across Europe next year, politicians may continue to tread the path of nationalism even while they are pleading for the good of the Community.

Clive Cookson examines a 'severe and extremely sinister' form of winter pollution

London in blinkers

Acid fog blanketed London last weekend – the city's first taste of a new form of winter air pollution which could become a serious problem as road traffic increases.

Dr Malcolm Green of London's Brompton Hospital, chairman of the British Lung Foundation and an expert on the medical effects of air pollution, calls it "a severe and extremely sinister episode".

Levels of nitrogen dioxide in London's air exceeded 400 parts per billion (ppb) – well above the official 300 ppb threshold for "very poor air" and the highest ever recorded in the UK. Some nitrogen dioxide was absorbed into water droplets in the fog, forming a foul-tasting and corrosive aerosol of dilute nitric acid.

"There has been very little research into the effects of this new type of winter smog and we need urgently to do more research," says Dr Green. Nitrogen dioxide on its own is known to aggravate respiratory conditions such as asthma and to make people more liable to contract viral infections of the lungs; the added ingredient of nitric acid can only make the damage worse. Anecdotal evidence certainly suggests that London doctors have treated more chest complaints than usual over the past week.

Thankfully, the new nitric smog is less damaging than the sulphurous yellow pea-soupers of the past, which culminated in the great London fog of December 1952. Epidemiologists estimate that the combination of sulphur dioxide and sulphuric acid in the air killed 4,000 people during that month.

Clean air legislation in the 1950s, which restricted coal burning in cities, quickly reduced the level of this old-style sulphur pollution.

But the rising volume of road traffic has created a new hazard. Levels of nitrogen oxides, carbon monoxide and hydrocarbons from exhaust fumes increased by about 50 per cent over the past decade, according to statistics from the environment department. Government and environmentalists agree that vehicles have become the main source of dirty air.

Until last week traffic pollution was seen as a summertime problem. During spells of hot dry windless weather, sunshine triggers a photochemical reaction between nitrogen oxides and hydrocarbons. This produces ozone – a gas that is beneficial in its proper place, the "ozone layer" of the upper atmosphere, but can be a dangerous pollutant at ground level. The archetypal result is "Los Angeles smog", a toxic cocktail of ozone, nitrogen dioxide, hydrocarbons, carbon monoxide and other pollutants.

Smog remains a hazard of life in Los Angeles but it has become even worse in the traffic-choked capitals of some newly industrialised countries, which have done much less than California to make the engines of their cars, trucks and buses run as cleanly as possible. Mexico City probably has the world's worst air pollution. Europe's dirtiest air is in Athens.

Governments have to protect their citizens through short-term emergency actions when the air becomes particularly dangerous, while planning long-term programmes to reduce pollution from exhaust gases.

In an emergency, the minimum action is to alert people to the pollution threat, so that everyone can avoid exercising outdoors and those with weak lungs can take special precautions. A more drastic response is temporarily to ban non-essential traffic.

The UK departments of health and environment reacted at the end of last week by sending a "warning of very poor air quality" to all newspapers, radio and television stations in London. Although journalists who called the environment department were told that Londoners should not drive unless absolutely necessary, no government minister asked motorists to stay at home or use public transport.

According to the department, the UK government has no legal power to ban traffic in a pollution emergency. If such action became necessary an emergency measure would have to be rushed through Parliament.

The experience of other countries attempting to reduce pollution by stopping people driving has been mixed. Greece has tackled the problem in Athens by introducing a system by which cars can drive on alternate days, according to whether their license plates are odd or even numbered. When the air is particularly dirty, this is supplemented by banning the movement of private cars with fewer than four occupants. And once or twice a year cars are banned altogether from the city centre.

Attempts to ration driving can backfire, however. Mexico City has a programme to immobilise each of its 2.5m cars for one working day per week. But some environmentalists say this is exacerbating the problem because people are buying second cars, so that they can continue to drive every day. The result is that Mexico's car population continues to grow by 200,000 vehicles a year, and the oldest and dirtiest cars are kept on the road instead of being scrapped.

The UK government's long-term programme to control traffic-related pollution has several strands. Some are domestic initiatives – for example the action last month to include exhaust emissions in the annual "MoT test" for old cars. Others are based on EC initiatives, such as the requirement for all new cars to meet tough controls.

Similar actions in the US have succeeded in improving urban air quality. The Environmental Protection Agency says that records from 4,000 pollution monitors in American cities show reductions over the past decade in all six pollutants measured. Even so the EPA admits that 84m Americans are still breathing air that exceeds at least one federal pollution limit.

The outlook for the UK depends on whether the increasing volume of traffic is allowed to outweigh the trend for individual vehicles to become progressively cleaner.

Westerly winds from the Atlantic have swept London clean this week. But long-term measures to discourage private motoring in cities are essential, says Ms Fiona Weir, Friends of the Earth air pollution campaigner, if acid fogs are not to become as much a part of the London scene at the beginning of the next century as pea-soupers were in the last.

LETTERS

The last word on Glaxo

From Ms Margaret Wilkinson.

Sir, Reading Lex on the inexorable rise of Glaxo (December 18) brought to mind a death scene in Anita Brookner's *Latecomers* (Crafton Edition, p 52):

"... She had no idea that he might die. When it became apparent that he would, she slept in a chair at his bedside. One night she was alerted by the noise of his breathing. 'Father,' she said, leaning forward in a thrill of dedication. 'Father. Tell me what to do.' There was an interval of noise and silence, alternately mingled. 'Father,' she said. 'Tell me.' After an immense effort Mr Hardy turned his head in her direction. 'Don't sell Glaxo,' he said, and fell back, dead."

Margaret Wilkinson,
7 Moor Drive,
Leeds,
West Yorkshire

Destabilisation of the economics of TV is chipping away at quality

From Mr Brian Marsh.

Sir, Raymond Snoddy and Robert Rice were exactly right in their article ("Picture is Blurred", December 14). My union's fear is that the picture will become even more blurred. In the previous franchise round it was said: "There must be a better way." It is clear that this method of choosing television licensees is not it. Competition, choice and quality supposedly underpinned this government's philosophy toward broadcasting. What government perhaps did not explain fully during the passage of what is now the new broadcasting act is that its method, while achieving the first aim, might only offer limited choice and profoundly endanger quality. Moreover, the corrosive influence of Professor Peacock's school of economics was not recognised and not expected to destabilise television's economics to the extent that it has already.

The article failed to mention two other companies in the ITV sector: National Transcommunications (NTL) and Scottish Television. Understandable perhaps, since neither is being challenged by disgruntled competitors.

Scottish Television, gaining its license on a clever bid of £2,000, now feels that its costs remain too high. In addition to the 200 staff it has shed in the last two years, it announced that it still has to lose 80 staff.

NTL, the transmitter of ITV and commercial radio, feels equally pressed to reduce its costs. Since mid-year it has been talking to Bectu and has made redundant 30 or so staff – in addition to the 200 shed by the IBA prior to privatisation – and has just announced to Bectu that negotiations on a new wage payment system incorporating appraisal related pay (and punishment) will cease and that that and all its other cost reductions proposals will be forcibly implemented.

To what degree is NIL's behaviour approved by the Home Office, the government department responsible for selling NTL into the private sector to but one bidder at, by any standards, a very reasonable price?

Brian Marsh,
National Officer,
Broadcasting Entertainment Cinematograph and Theatre Union,
111 Wardour Street, London W1

'Cash' problem

From Mr Peter Brown.

Sir, Having been instrumental in 1989 in persuading the Charity Commission to allow charities to invest in rights and privatisation issues, could I make the following point on a rather less obvious restriction still facing charity trustees?

The word "cash" in the Act and to the commission means sterling. Investment funds awaiting reinvestment in overseas assets via a UK domiciled vehicle cannot be held in the necessary major currencies or even in the offshore based money market funds of UK clearing banks. I hope fund managers who handle voluntary agencies' funds will continue the battle to allow a relaxation of this rule.

Peter Brown,
director,
Charity Appointments,
2 Spital Yard,
Bishopsgate,
London E1

Clear why business needs post to arrive first thing in the morning

From Mr Robert Apsion.

Sir, How much more research does the Consumers' Association need to find out why business needs to get its mail first thing in the morning? (Letters, December 14).

A cheque received on Monday afternoon will probably not be banked before 3.30pm that day and will not be cleared that week. Funds cashed against it on Friday will be overdrawn.

The only exception is cheques mailed to the Inland Revenue on Monday which are cleared against our account on Wednesday. In spite of raising their transaction charges from 50p in 1989 to 75p in 1992, the banks have not improved their clearing time from five days.

In December we have to put up with afternoon deliveries already, because of dear old Santa Claus.

What we want is Sunday postal collection, postal delivery first thing in the morning and bank clearance in three days.

Robert Apsion,
17 Ganghill,
Guildford,
Surrey

US experience in relieving traffic congestion no answer to the problems faced in London

From Mr Edmund King.

Sir, Nigel Seymer (Letters December 17) is right to highlight new office development as a factor in generating traffic which may overload transport facilities.

Indeed, a study by the City of London Polytechnic for Movement for London showed that developments in the Kings Cross area will attract more than 11,000 extra vehicles a day, which will bring chaos to the already congested roads.

However, it is unlikely that HOV (High Occupancy Vehicle) lanes would mitigate the situation in London. HOV lanes work well in Los Angeles and Washington where there are wide radial freeways that link residential areas with central business districts. Hence it is relatively easy both to find car-sharers and for a "free" lane to be provided to speed up the HOV journey. Travel patterns and road network are far more complex in London.

An attempt to set up a car sharing scheme in London last year received about ten responses. The majority already travelled by public transport but would prefer to travel by car. If car sharing is to work, the initiative must come from companies promoting the concept among their staff. In my office 36 per cent of staff car share.

Edmund King,
secretary,
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London SE1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Sunday trading would boost retailing efficiency and better serve the customer

From Mr John Saunders.

Sir, The Sunday trading debate is once more upon us and the unholy trinity of the church, shop workers' union and a faction of retailers is ranged against the alternative trinity of customer interest, basic economics and Britain's town centres.

The views of Usdaw, the shopworkers' union, and the churchmen have been well expressed. The joker in the pack is the retailers' claim that opening on Sunday is uneconomic. According to Mr Graeme Seabrook, the chief executive of Kwik-Save: "The consumer will have to pay for trading seven days a week. There will be no extra sales to cover the cost." There are two errors in this argument.

There will be extra sales. Although it does not seem like it on Saturdays, shopping is a leisure activity. Were shops open in the evenings and Sundays when people were not at work, there would be a switch of consumption into retailing from pubs and other leisure activities.

In the long run it would be more economic to spread trading over seven days. From Monday to Friday, Britain's shopping centres and stores are deserts. Then for one day comes the ghastly but profitable Saturday scrummage.

Not only does this system serve the customer poorly, it results in poor use of resources. Capital investments are used most efficiently when demand is even. In manufacturing, the aim is to load a factory evenly; in utilities off-peak demand is stimulated; and transport, like British Rail's Southern Region, becomes uneconomic if demand is uneven.

The mechanisms which will enable retailers to benefit from seven-day trading, act at the very foundations of all successful enterprises. At a given price, margins are increased because the capital costs associated with each sale are reduced. It also means that less capital is needed to achieve the same turnover. Since profitability depends on both margin and asset turnover, the retailers stand to gain doubly. This is the very foundation of established British traders like Marks and Spencers, Sainsbury and Kwik-Save, as well as niche busters like Akla, Toys 'R' Us and Computer Land.

With Sunday trading, town centres will change. Retail sales will be increased, yet less space will be dedicated to retailing. The leisure shopper will demand a more pleasant shopping experience. Display, range and service will become more important.

Retailers, Usdaw and even the churchmen would do better to build a future based on customer satisfaction rather than on the past.

John Saunders,
National Westminster Bank Professor of Marketing,
Loughborough University Business School, Ashby Road,
Loughborough, LE11 3TU.

UK COMPANY NEWS

Bankers win MCC court battle

By Richard Gourlay

BANKERS TO Maxwell Communication Corporation yesterday won their court battle to have Price Waterhouse *appointed as administrators* to the heavily indebted company.

The bankers, who lent MCC more than £1.3bn, successfully petitioned the court not to accept the directors' recommendation to appoint accountants Touche Ross alongside Price Waterhouse.

Mr Justice Hoffman said Price Waterhouse would be able to carry out the administration "*more cheaply, effectively and quickly*" because the firm had already been conducting extensive investigations of MCC's affairs on behalf of the banks.

The disagreement over the choice of administrator underlines the degree to which the *banks have fallen out with the* remaining MCC board. Earlier this week Mr Peter Laister, the MCC chairman, successfully sought protection from creditors *in the US under Chapter* 11, the equivalent of administration, angering the main bank creditors.

Price Waterhouse said earlier that MCC's assets were worth several hundred million pounds" less than the liabilities.

Some £245m appeared to have disappeared from MCC without proper authority and perhaps between £50m and £100m more was missing from the pension fund.

Peter Laister: pledged co-operation to Price Waterhouse

The judge said he was satisfied there was a "real prospect" that parts of MCC would *survive because 80 per cent of the* company's assets were in the US.

Mr Mark Homan, who was appointed with Mr Jonathan *Phillips and Mr Colin Bird as* joint administrators, welcomed the appointment. "It is going to be a very complex assignment because we have to conduct it under the laws of two countries at the same time, Mr Homan said. "I will be going straight to New York to consult with my legal advisers there."

Price Waterhouse said MCC had broken new legal ground by becoming the first company *subject to insolvency* proceedings in two separate jurisdictions.

Mr Laister, who was also present in court, pledged his co-operation to Price Waterhouse. "The MCC management has acted with total propriety and will continue to do so in co-operation with the appointed administrators," he said.

There had been no question of "any malfeasance" by any of the MCC directors, he said.

Price Waterhouse said the administration order did not extend to MCC's subsidiaries, *which were "generally profitable"*. The administrators believed that it would be "possible to preserve most, if not all, of the businesses as going concerns."

MGN circulations up since Maxwell's death

MIRROR GROUP Newspapers said last night that circulations of its papers have been rising and advertising revenues have reached record levels since the death of Mr Robert Maxwell, its disgraced owner, writes Raymond Snoddy.

In November joint sales of the Daily Mirror and the Daily Record were 3.64m – 35,000 ahead of The Sun. MGN said the December sales figures would increase the lead.

The figures came at the same time as MGN announced that it had appointed Schroder to its merchant bank roster.

Schroder will work in conjunction with Samuel Montagu, MGN's existing banker, "as additional financial advisers". The aim is apparently to avoid potential conflicts of interest.

Montagu advised on MGN's flotation in May, helping to devise, for example, the "ring fence" designed to insulate the company from the rest of the Maxwell empire. Despite that precaution, the late Mr Robert Maxwell transferred funds from MGN and its pension fund to his other debt-burdened interests.

Mr Ernest Burrington, MGN chairman, said last night that the company had been encouraged and stimulated by the support shown by readers and advertisers following Mr Maxwell's death.

"That this company can go on trading so strongly *while suffering from the wounds* it has endured is proof of our underlying strength," Mr Burrington said. MGN's current financial needs were being met and discussions continued on longer-term requirements.

The extent of the losses from the MGN pension fund was still being investigated. Until the whole issue is cleared up employees' contributions are being held outside the scheme and MGN is contributing an equivalent amount.

Meanwhile work continues on a management *buy-out* for MGN involving Mr Richard Stott, editor of the Daily Mirror. The mooted MBO is being backed by Electra Investment Trust, and the venture capital group already has candidates lined up for the posts of chairman and chief executive.

Mr Mike Molloy, former editor-in-chief of MGN, is involved with the MBO. He said yesterday that, since the death of Mr Maxwell, "it's as if a blanket has been lifted from the place. Morale is very high. It's like France after the end of the occupation."

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	103	101	Aberforth Sm. Co's. C Sks.	102	-1	–	–	–	–
–	F.P.	–	61	41½	BTR Warrants 1995/96	43	-2	–	–	–	–
–	F.P.	–	143	90	Baillie Gifford Jap Wrrts	107	-1	–	–	–	–
–	F.P.	–	405	405	Bristol Water Non-Vtg £1	405		–	–	–	–
*335	110	–	129½	120½	British Telecom New	121	-½	13.3	2.6	5.1	10.1
140	F.P.	–	149	140	Burn Stewart Dist	142	+1	R5.0	2.3	4.7	11.0
–	F.P.	–	3	2	Butte Mining Wrrnts.	2		–	–	–	–
†	F.P.	–	110	75	Capital Industries 1p	75	-1	–	–	–	–
100	F.P.	–	96	88	Drayton Korea Tst.	88	-2	–	–	–	–
–	F.P.	–	31	20	Do. Warrants	20	-1	–	–	–	–
–	F.P.	–	320	138	Eurotunnel '91 Wrnts.	193		–	–	–	–
100	F.P.	–	101½	88	Fidelity Euro Values	88		–	–	–	–
–	F.P.		23	19	Do. Warrants	19	-2	–	–	–	–
–	F.P.	–	40	27	Fleming Japanese Wrrnts.	28		–	–	–	–
§§235	F.P.	–	285	256	Frost Group	285	+3	u2.0	0.9	0.9	12.2
–	F.P.	–	19	14	Hanson New Warrants	15½	-1	–	–	–	–
120	F.P.	–	131	121	Harrington Kilbride	130		R4.5	1.8	4.6	13.2
ϕ	F.P.	–	25	24	Hong Kong Zero Dv Pf	24¼		–	–	–	–
195	F.P.	–	216	198	JIB Group 10p	198	-1	R7.5	1.8	5.1	14.7
–	F.P.	–	4	2½	Lowe (R) Wrrnts	3		–	–	–	–
§§28	F.P.	–	22	17	M & G Income Cap. 1p	17¼		–	–	–	–
–	F.P.	–	66	60½	Do. Geared Units	61½		M4.91	–	10.6	–
§§44	F.P.	–	45	43½	Do. Income 1p	44¼		M4.91	–	14.7	–
100	F.P.	–	102	96	Do. Package Units	98		M4.91	–	6.7	–
–	F.P.	–	37	35¼	Do. Zero Div Pf	36¼		–	–	–	–
50	F.P.	–	54	33	ϕSimpsons of Cornhill 5p	33		–	–	–	10.2
100	F.P.	–	102¼	100¼	St. Davids Zero Div Pf	102¼	+¼	–	–	–	–
–	F.P.	–	3½	1½	Wills Group Wrrnts.	3½		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	103p	100p	Barings 9¼pc Non-Cum. Prf. £1	102¼p	-¼
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Cambourne Inds. 10¼pc Rd. Deb. 2001	107½	+2
100p	F.P.	-	103p	100p	Fidelity Euro. Values Equity Ln 2001	100p	
105	F.P.	-	105	98	Greencore 9.5% Cnv Un Ln Stk 1995	98	-2
310p	Nil	-	91ppm	47ppm	Inchcape Non-Int. Bearing Cv Un Ln	47ppm	-5
100p	F.P.	-	104p	100¼p	NatWest Bank 9pc Prf Series A	101½p	-¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
1	Nil	–	2pm	2pm	Chemex 5p	2pm	
12½	Nil	–	5½pm	2½pm	Oceonics	4½pm	-½
148	Nil	–	21pm	10pm	Unichem 10p	21pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. n Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ϕ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ϕ Unlisted securities market. ϕ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Units and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Dec. 16
- Last Dealings Jan. 3
- Last Declarations March 19
- For settlement March 30

3-month call rate indications are shown on page 9.

Calls in Brent Walker, Conroy Petlm., Dowty, GRE, Mowlem (J), Natl. Home Loans, Premier Cons., Ratners, Smith & Nephew and Tarmac. Puts in Auto. Security, Ratners, Spring Ram and Stakis. Puts and calls in Conroy Petlm., Ratners and Smith & Nephew.

NY Daily News said to be in very good shape

THE PROSPECTS for saving the New York Daily News are considered to be "extremely high". On his return from New York yesterday, Mr Kevin Maxwell said: "Circulation has held up, advertising has held up. It is in very good shape."

He added that he would meet the newspaper's board next week to discuss his future. The question of his stepping down was not discussed at Thursday's board meeting.

"When I feel I've become a liability to the paper, I'll be stepping down," he said.

In a statement, the paper, which Mr Robert Maxwell acquired in March, said pension funds for Daily News *employees were intact.*

- Mr Kevin Maxwell's High Court attempt to refuse to answer questions about assets missing from Maxwell company pension funds has been adjourned until Monday.

Mr Justice Hoffmann will hear further arguments then on Mr Maxwell's "right to silence" plea. However the issue still seems likely to end in the Appeal Court in a matter of days.

- The lease to Headington Hill Hall, the Maxwell family home in Oxford, and control of 32 other properties, passed into administrative receivership yesterday under the law property act. The properties were controlled by PHL Estates, which has not passed *into receivership.*

Result in balance as bid for Racal closes

By Richard Gourlay

FEW INVESTORS would last night hazard a guess whether Racal Electronics, the company Sir Ernest Harrison built over 26 years, would remain independent in the face of Williams Holdings hostile £764m bid which effectively closed yesterday.

In a stock market that was generally soggy and depressed after the German interest rate rise on Thursday, the Williams and Racal share prices gave conflicting signals as to which way the exceptionally tight fight would go.

Racal's share price fell 1p to 49p while Williams fell 9½p to 299p, leaving the part cash but mostly paper bid worth 54.8p at the close.

The offer officially closes tomorrow at 1pm although the *16 collecting boxes around the* regions were closed yesterday and their contents shipped to Bristol for counting.

The share price moves might normally have suggested the market believed Williams was unlikely to win with its finely priced offer.

However, some fund managers suggested Racal might lose its independence for reasons that had little bearing either on the quality of the Williams' bid or on the relative strength of the vastly different management teams.

"The Williams offer is still too low," said Mr Adam Quinton, analyst at UBS Phillips & Drew. "But there are factors working in Williams' favour."

A number of shareholders would hold stakes both in Racal and Williams. It would suit the books of some fund managers if Williams were to win; the low price paid for Racal would equally mean Williams had acquired the electronics company on the cheap.

Secondly, the gloomy short-term economic prospects may have played into Williams' hands.

Some fund managers appear more confident that Racal, led by Mr Brian McGowan and Mr Nigel Rudd, the chief executive and chairman of Williams, will be better suited to manage in a sluggish market than Sir Ernest's team.

Thirdly, fund managers are approaching the end of a *difficult quarter.*

While they might publicly protest that they are long-term investors, they would have been tempted to book an actual profit especially as the economic future is so uncertain.

Williams is unlikely to make any announcement until either 5pm tomorrow or such time as it has declared the offer unconditional should it receive the 50 per cent level of acceptances.

Sun Alliance warns of rise in mortgage indemnity losses

By Richard Lapper

SUN ALLIANCE, the UK's biggest mortgage indemnity insurer, is preparing to back rescue schemes for distressed mortgage borrowers.

The group is in discussions with the Halifax Building Society and other mortgage lenders, whose loans it insures, about a number of schemes which it *hopes could* help restore some stability to the housing market and restore its own profitability. It also announced a substantial increase in its expected insurance losses from mortgage indemnity business.

1991 underwriting losses on domestic mortgage indemnity business are expected to reach £320m, with claims rising to £345m, more than twice as great as expected when the interim results were reported earlier this year.

The rescue schemes under consideration are aimed at converting *claims*, or *money* that would have been spent on claims, into investments in repossessed *homes*. Among the ideas under review are:

- allowing the borrower to remain in the home as a rent-paying tenant, in order to avoid a generating a claim. Sun Alliance would be willing to provide support to its lenders by participating in the equity or joining as a partner in the rescue scheme with "the extent of its financial support related to the expected savings from the associated *mortgage* indemnity policies".
- the conversion into equity in repossessed properties of *future mortgage* indemnity claims pay-outs. This would allow borrowers in difficulty who wish to retain an equity stake in their houses to remain in the homes.
- a trading-down scheme which would allow over-exposed borrowers to move into cheaper property that had already been repossessed.

The increase in mortgage indemnity losses has occurred because it has *opted to change* the basis on which it assesses claims arising from its mortgage indemnity policies, which insure *mortgage* lenders against a losses they make on the sale of repossessed properties.

Most policies cover losses equivalent to the first 25 per cent to 30 per cent of the value of the mortgage loan.

Sun Alliance has opted to assess its underwriting losses by taking into account potential claims on properties that are repossessed as well as actual claims triggered by the sales of repossessed properties. Sun estimates that its underwriting loss for 1991 from *domestic* mortgage indemnity business will be £320m, £90m of which resulted from repossessions made in 1990 which have yet to result in claims.

Trafalgar takes Davy pension surplus onto balance sheet

By Andrew Bolger

TRAFALGAR HOUSE, the engineering construction and property group, has defended its decision to take onto its balance sheet a pension surplus from Davy Corporation, the engineering contractor which it bought in July.

The group's accounts for the year to September state the £74.5m surplus will be amortised in future years. Even *with the surplus, Trafalgar* House's net assets fell from £799.2m to £715.9m in the year to September 30 – in spite of a £300m rights issue in July.

Mr John Ansdell, finance director, said the group had pension surpluses across the group, which it did not carry in its balance sheet. It had been decided that booking it was the best way to handle the Davy surplus, and *acquisition* presented a one-off opportunity to do so.

Trafalgar House's figures were criticised for their liberal use of *write-downs, revaluations* and reclassification of properties, but Mr Ansdell denied any suggestion of manipulation of the figures, saying: "It is extremely clear what we have done and why we have done it."

Trafalgar House shares, which stood at 248p at the beginning of November, yesterday closed at *124½p*, down 21½p on the day. The group's annual pre-tax profits fell by 19.2 per cent to £122.4m.

Sir Nigel Broackes, chairman, received an 8 per cent pay *rise to £378,000* and Sir Eric Parker, chief executive, saw his salary rise by the same margin to £400,000.

See Lex

Chrysalis hits sour note with return to the red

By Peggy Hollinger

CHRYSALIS GROUP, the music and media company, hit a sour note last year with a return to the red, largely due to £5m losses on its record division which has since been sold to Thorn EMI.

Mr Chris Wright, chairman and owner of 47 per cent of the group, also said yesterday that a decision on whether he would offer to take the company private could be expected in the early part of next year.

Chrysalis reported losses of £7.85m for the year to August 31. This compared with a profit of £5,000 the previous year, a short-lived return to the black since the £11.5m losses of 1988-89. Turnover fell from £107.8m to £93.4m.

The group's joint venture in *the recording business, which was sold to partner Thorn EMI* in November for $30m, drained some £4.8m during the year.

Chrysalis also suffered losses in the juke box and fruit machines division and REW, the video hire operation which has been sold. The deficit for both totalled almost £3m after interest charges.

Music publishing had a record year, but Mr Wright added, that its continued success depended on the development of a recording business. The group's cash balance of about £20m would be conserved with a view to starting up such a venture within the next one to two years.

The loss per share was 25.02p, compared with earnings of 1.6p. No dividend was *declared (4p total in 1989-90).*

Royal Insurance venture based in the Netherlands

By Richard Lapper

Royal Insurance, the UK insurer, yesterday confirmed that the new European holding company which it is forming with the Italian company, Fondiaria, and Germany's Aachener & Munchener Beteiligungs, will be based in the Netherlands.

Fondiaria's managing director, Mr Alfonso Scarpa, revealed details of the plans earlier this week, suggesting that the new company could be named European Partners for Insurance Cooperation or EPIC.

He said that EPIC's first project would be the purchase of Royal's Dutch subsidiary, Royal Nederland, which is valued in excess of £150m, with *the proceeds helping to shore* up Royal's weakened balance sheet. Subsequently the three partners plan to contribute some or all of their foreign subsidiaries before EPIC considers acquiring further companies from third parties.

Mr Scarpa also ruled out any *cooperation* with the French state-owned Assurances Générales de France alleging that the group does not share the same "friendly" approach to international cooperation as the existing alliance partners. AGF owns a 16.6 per cent stake in AMB.

Lit-up and glowing revellers sobered by regulator

Juliet Sychrava on the effects of the regional electricity companies' maiden interims

THE GHOST of Professor Stephen Littlechild, the electricity regulator, was noticeably present at the feast of the regional electricity company *interim results of the* last two weeks. The thought of the regulatory finger pointing at their unexpectedly fat profit figures visibly distracted most companies – and most analysts – from what were otherwise very palatable results.

Most of the regional electricity companies are now cash-rich. Recession may have stopped consumers spending, but they have not yet reached to turn the lights off, and *increased domestic sales offset* the impact of recession on industrial sales.

The companies cut costs – noticeably manpower and purchasing costs – sometimes by a couple of percentage points, and they saved on capital expenditure. Gearing in some cases is down below 20 per cent, and interest charges have fallen sharply.

That has prompted much City muttering about balancing the interests of shareholders and consumers. On the one hand, analysts are asking the regional companies how they are going to invest that cash *for shareholders. On the other,* they are warning companies that the regulator may take a dim view of generous dividends.

Neither argument is quite fair. Regulation will inevitably be an important issue for the regional electricity companies, *but all the signs are that so far* Professor Littlechild is more concerned with regulating prices to protect electricity consumers, than penalising companies for achieving good rates of return for shareholders.

"Our rate of return is high," *Mr Duncan Ross, Southern* Electric's chairman, concurs. "But why not? We don't want the regulator to encourage the arbitrary spending of cash." The company's good return, he says, is a function of its efficiency, and it should not be punished for that.

When it came to finding something to do with their cash, the regional electricity companies seemed even more *cautious about diversification* than they were at flotation – with the possible exception of East Midlands. While some companies have targets for profits generated from non-core businesses, these are generally modest – 10 to 15 per cent of earnings by the end of the decade.

Almost all the companies have pulled back from investment in more large new gas-fired power stations, partly *because of the much-publicised* gas price increases, which made many projects look uneconomic, and partly because the market is reaching saturation.

That leaves little scope for other diversification, though Yorkshire has mentioned telecommunications. But in a few years' time, the companies' cash piles may anyway have shrunk. Their main distribution businesses, (which earn money by charging customers for distributing electricity over the company's local electricity grid) may be less cash-generative in a few years, when there *might be less scope for cost*cutting. Even a good industrial recovery might not offset that, since margins on sales to industry are low.

Meanwhile, next year may see the companies caught between the regulatory devil and the deep blue sea of losses *in the supply business*. Margins in this high-risk business – buying and selling wholesale electricity to customers – are slim at the best of times. This year, most companies said they had significantly underestimated "uplift", the extra charge companies pay when *they buy electricity in the pool* or wholesale market, when they set tariffs for the year last April, mainly because uplift was unexpectedly high.

Theoretically, they can pass this cost onto customers next year, but if the regulator clamps down on price increases, they will find it very hard to do so.

Regional companies are already lobbying Professor Littlechild to be lenient about *allowing them to recoup* this unpredictable uplift charge, which they cannot hedge, from customers. "The battle lines are being drawn," was one chief executive's comment on the uplift issue. Yorkshire was the only company that made a point of saying it had probably *set tariffs high enough to cover* uplift.

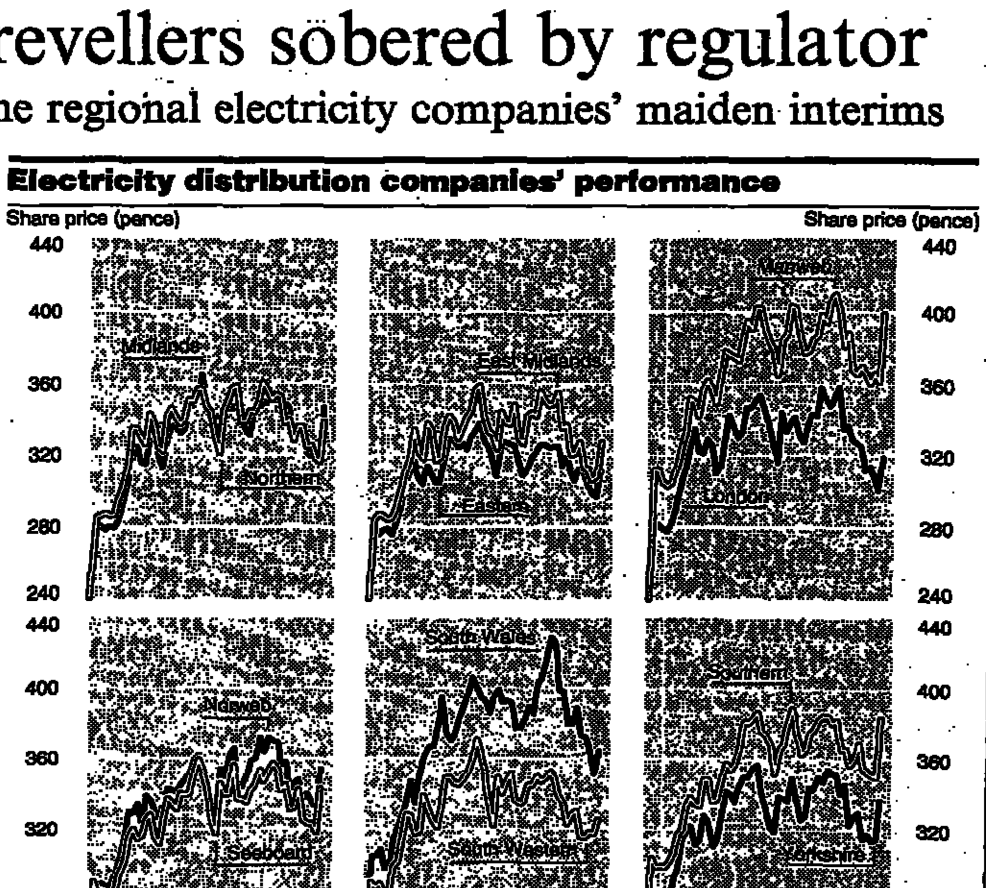
But the results season has done little to settle the debate about whether regional companies should, like Yorkshire, invest time and energy in winning supply customers, or, like Manweb, insist on "sticking to the knitting" of the distribution business, since all the companies expect supply to do little more than break even at the year-end.

It will take some years before it becomes clear if there is money to be made from supplying as well as distributing electricity. Here again, Professor Littlechild's influence will be felt: will he allow companies that buy electricity cheaply to keep their profits, rather than *pass them on to customers?* Even if he does, it is still anybody's guess whether there will be more money in the competitive supply market when it expands in 1994 and again in 1998 to include progressively smaller customers.

Predicting what the regulator will do, how it will affect individual companies, or which companies will sell most units is equally difficult, and most analysts have simply forecast ballpark average real annual earnings growth for the 12 of about 10-15 per cent over the next few years.

But what can be assessed is management. And what emerged from these results was that Yorkshire, Manweb and Southern are still the best *at presenting a strong*, united management front, and Northern is still lagging. Midlands and Norweb enjoyed some rerating, mainly because both companies came across as balanced; able to sell hard but cautious and thorough.

Electricity distribution companies' performance



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Prices for Trading on 21.12.91: Pool purchase price £/MWh	Final Prices for Trading on 22.11.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.17	16.54	16.54
0100	23.57	16.67	18.74
0130	23.57	17.74	19.83
0200	23.57	17.74	19.83
0230	22.50	17.56	19.65
0300	22.50	16.60	19.60
0330	18.95	16.57	16.67
0400	17.42	16.51	16.51
0430	17.21	16.45	16.45
0500	17.12	16.45	16.45
0530	17.10	16.45	16.45
0600	17.10	16.45	16.45
0630	17.10	16.45	16.45
0700	17.21	16.51	16.51
0730	17.27	16.48	16.48
0800	17.27	16.53	18.80
0830	18.99	16.54	18.61
0900	19.13	16.68	18.63
0930	20.96	16.62	18.69
1000	23.77	17.49	19.59
1030	23.77	17.49	19.59
1100	23.77	17.49	19.59
1130	19.80	16.69	18.76
1200	19.80	16.62	18.69
1230	19.80	16.62	18.69
1300	19.80	16.56	18.63
1330	19.38	16.54	16.54
1400	17.42	16.51	16.51
1430	17.27	16.45	16.45
1500	17.21	16.45	16.45
1530	17.21	16.45	16.45
1600	17.35	16.53	16.53
1630	19.80	17.65	19.76
1700	21.11	20.58	22.76
1730	24.27	24.00	26.26
1800	24.27	24.00	26.26
1830	22.50	24.00	26.26
1900	21.54	21.60	23.79
1930	20.96	21.60	23.78
2000	20.00	20.58	22.74
2030	18.91	17.66	19.75
2100	18.91	17.66	19.75
2130	19.13	17.66	19.75
2200	17.36	17.66	19.76
2230	17.11	16.48	16.48
2300	17.08	16.46	16.46
2330	17.01	16.44	16.44
2400	17.01	16.40	16.40

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.56/MWh becomes 1.656p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

TODAY: European Community - United States ministerial meeting in Brussels; Mr *James Baker, US Secretary of* State, is expected to attend. Mr Boris Yeltsin, Russian leader, flies to Alma-Ata for prospective signing of Commonwealth of Independent States agreement by Kazakhstan and four Central Asian *republics. Summit meeting* in Columbo of South Asian Association for Regional Co-operation (SAARC) grouping Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. First direct election of a majority of candidates to the Taiwanese National Assembly, the country's electoral college and keeper of the constitution.

TOMORROW: Israel's ruling Likud Party *central committee* meets on constitution, direct elections of prime minister. Factory workers in Bangladesh are expected to begin 72-hour national strike and blockade in protest against privatisation plan and to support demands for higher wages.

MONDAY: Building Societies Association gives monthly figures for November. Central Statistical Office issues balance of payments current account and overseas trade figures (November). US personal income (November). *The Ministry of Agriculture,* Fisheries and Food releases Food Facts data (third quarter). European Community foreign ministers meet in Brussels to discuss Gatt Uruguay Round, prospects for common market with EFTA. Gulf Cooperation Council (GCC) summit of five Gulf Arab states and Saudi Arabia in Kuwait (until December 26).

TUESDAY: Central Statistical *Office publishes figures for* capital expenditure and stock-building (third quarter-revised). US durable goods (November).

WEDNESDAY: Christmas day.

THURSDAY: Boxing day. US jobless claims figures (week 12/14). Two main parties, 47 others and over 1,000 independent candidates will contest Algeria's election, the country's first multi-party par*liamentary vote.*

FRIDAY: Mr Qian Qichen, Chinese foreign minister, starts a two-day official visit to Cambodia.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Friday December 20 1991	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Dec 19 Index No.	Wed Dec 18 Index No.	Tue Dec 17 Index No.	Year ago (approx) Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (180)	713.21	-1.2	9.49	6.75	13.48	34.30	721.53	727.39	732.77	721.34	890.04 15/3	675.31 16/1	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	825.60	-1.2	8.44	7.54	16.00	46.51	835.82	847.26	864.28	981.24	1167.75 14/3	825.60 20/12	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (29)	823.87	-1.1	9.07	9.00	16.16	51.42	833.45	846.20	875.10	1123.21	1438.66 15/3	823.87 20/12	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2283.13	-0.1	10.56	6.49	12.05	98.23	2285.87	2317.98	2345.31	1902.93	2675.48 1/10	1837.98 22/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1670.22	-0.5	11.00	5.15	11.52	53.94	1679.11	1687.96	1676.06	1546.11	1958.19 15/3	1478.08 16/1	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	321.55	-0.7	16.80	8.08	7.24	18.52	323.81	323.56	323.93	404.08	469.23 9/4	321.55 20/12	502.42 13/6/90	321.55 20/12/91
7	Engineering-General (43)	446.95	-0.6	10.74	5.62	11.49	18.20	449.76	456.32	458.04	364.49	503.16 2/10	339.57 23/1	505.10 15/6/90	339.57 23/1/91
8	Metals and Metal Forming (9)	286.87	-0.3	2.27	12.27	-	25.83	287.73	293.12	297.19	402.18	509.18 3/4	286.87 20/12	596.67 9/10/87	49.65 6/1/75
9	Motors (12)	279.25	-1.1	9.27	8.62	14.32	17.56	282.44	287.67	290.37	294.97	371.25 6/9	266.43 16/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (20)	1434.12	-1.9	8.35	5.71	14.26	59.05	1462.61	1462.66	1466.21	1251.29	1695.01 2/9	1147.76 16/1	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (189)	1508.19	-0.8	7.77	3.65	15.86	40.73	1520.21	1536.07	1551.40	1231.81	1607.13 14/11	1188.45 16/1	1607.13 14/11/91	61.41 13/12/74
22	Brewers and Distillers (23)	1889.60	-0.5	8.96	3.75	13.49	49.14	1899.96	1912.32	1910.11	1600.13	1964.41 12/11	1478.24 25/1	1964.41 12/11/91	69.47 13/12/74
25	Food Manufacturing (19)	1187.59	-0.2	9.95	4.27	12.36	37.32	1190.05	1203.16	1207.24	1036.35	1251.91 2/10	1013.60 16/1	1251.91 2/10/91	59.67 11/12/74
26	Food Retailing (17)	2275.58	+0.2	10.18	3.64	12.76	65.37	2270.52	2303.81	2364.96	2296.13	2854.91 2/5	2231.21 22/11	2854.91 2/5/91	54.25 11/12/74
27	Health and Household (24)	4015.23	-1.6	5.12	2.40	22.45	72.62	4079.33	4119.73	4187.08	2576.26	4257.72 14/11	2454.93 16/1	4257.72 14/11/91	175.38 28/5/80
29	Hotels and Leisure (24)	1176.58	+0.1	8.84	5.76	14.02	45.61	1175.43	1186.73	1194.45	1208.69	1405.62 2/9	1066.91 25/1	1845.77 8/9/89	54.83 9/1/75
30	Media (23)	1332.47	-0.6	7.09	4.03	17.73	48.36	1340.95	1340.94	1334.60	0.00	1565.67 20/9	1166.91 16/1	1565.67 20/9/91	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	698.53	-0.6	7.73	4.76	15.69	24.43	703.04	712.98	723.57	522.01	788.41 9/9	486.96 16/1	788.41 9/9/91	43.46 6/1/75
34	Stores (32)	944.46	-1.3	7.81	3.94	16.95	26.77	956.60	974.10	988.86	783.45	1042.47 8/11	766.89 29/1	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	577.39	-0.5	8.02	5.38	15.90	22.28	580.22	584.60	588.40	411.47	652.30 1/11	396.58 28/1	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (112)	1142.94	-1.0	10.58	5.88	11.94	40.33	1154.24	1164.75	1171.67	1015.09	1330.48 2/10	961.05 16/1	1330.48 2/10/91	58.63 6/1/75
41	Business Services (13)	1287.26	-1.4	7.84	5.17	16.20	46.93	1305.22	1329.05	1330.43	0.00	1447.24 4/10	892.28 1/2	1447.24 4/10/91	892.28 1/2/91
42	Chemicals (21)	1330.78	-1.6	7.60	5.52	16.26	54.35	1352.39	1370.59	1368.61	1051.58	1520.52 2/9	1004.01 16/1	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1208.70	-3.3	12.06	8.89	10.19	44.87	1249.41	1280.25	1289.03	1302.13	1626.42 14/3	1208.70 20/12	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2228.61	-1.0	5.76	5.07	22.87	79.12	2250.98	2263.43	2271.22	1904.83	2425.36 2/10	1730.87 23/1	2554.69 12/7/89	90.80 29/6/62
45	Electricity (16)	1180.17	-1.2	15.37	6.30	8.47	27.53	1194.69	1192.50	1208.14	0.00	1286.51 2/10	994.96 7/1	1286.51 2/10/91	994.96 7/1/91
46	Telephone Networks (4)	1361.57	+0.1	11.53	4.60	11.33	30.42	1359.97	1367.60	1371.10	1177.30	1658.67 2/10	1085.95 16/1	1658.67 2/10/91	517.92 30/11/84
47	Water (10)	2214.40	-1.0	19.28	7.18	5.71	151.44	2237.81	2221.16	2240.85	2175.51	2539.85 6/9	2134.83 16/1	2539.85 6/9/91	1820.20 1/5/90
48	Miscellaneous (23)	1658.00	+0.1	6.04	5.99	22.79	75.10	1656.61	1682.66	1709.37	1572.10	2033.42 15/8	1506.17 16/1	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (481)	1191.52	-0.9	8.96	4.89	13.97	39.66	1202.49	1214.02	1224.08	1040.70	1326.09 6/9	991.97 16/1	1326.09 6/9/91	59.01 13/12/74
51	Oil & Gas (19)	2110.22	-3.4	12.25	6.65	10.80	104.27	2185.22	2204.73	2211.34	2315.05	2509.42 23/7	2101.45 21/1	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1272.46	-1.2	9.33	5.09	13.52	44.82	1288.09	1300.34	1310.30	1145.52	1424.90 2/9	1092.04 16/1	1424.90 2/9/91	63.49 13/12/74
61	FINANCIAL GROUP (90)	685.90	-1.6	-	6.81	-	34.41	696.78	701.17	703.82	715.86	859.94 15/3	667.36 16/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	814.61	-0.9	4.85	6.52	40.84	38.97	822.27	829.81	830.03	760.51	990.15 6/9	695.08 15/1	990.15 6/9/91	62.44 12/12/74
65	Insurance (Life) (6)	1358.92	-1.3	-	6.29	-	63.68	1376.80	1382.21	1393.95	1278.73	1632.53 4/9	1220.74 16/1	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	464.94	-3.9	-	9.38	-	32.94	483.91	483.87	489.75	622.29	728.27 15/3	464.94 20/12	768.11 29/12/89	45.96 13/12/74
67	Insurance (Brokers) (10)	964.33	-1.5	8.46	6.94	15.56	49.46	978.78	981.33	976.98	993.12	1202.38 5/4	932.88 23/1	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	442.65	-1.2	-	4.84	-	16.06	448.10	450.77	453.99	357.96	498.05 15/11	327.70 16/1	547.59 12/10/87	31.21 7/1/75
69	Property (35)	784.14	-1.7	6.26	6.01	23.36	33.34	797.31	803.71	805.39	971.50	1087.65 15/3	784.14 20/12	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (16)	227.81	-0.9	11.81	7.67	10.66	13.03	229.99	230.87	230.70	254.50	298.63 15/3	227.81 20/12	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1116.90	-0.3	-	3.90	-	31.82	1130.53	1134.52	1139.59	1008.44	1261.80 6/9	947.19 16/1	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (659)	1132.66	-1.2	-	5.27	-	41.78	1146.78	1157.33	1165.56	1039.42	1284.07 6/9	987.46 16/1	1284.07 6/9/91	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 19	Dec 18	Dec 17	Dec 16	Dec 13	Year ago				
	FT-SE 100 SHARE INDEX‡	2358.1	-33.5	2381.1	2356.1	2391.6	2413.6	2432.9	2440.8	2451.6	2164.4	2679.6 2/9	2054.8 16/1	2679.6 2/9/91	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 20	Day's change %	Thu Dec 19	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (27)	121.27	-0.14	121.44	1.68	12.18
2	5-15 years (27)	135.12	-0.10	135.25	2.10	13.36
3	Over 15 years (8)	143.76	-0.05	144.25	1.20	13.69
4	Irredeemables (6)	159.49	-0.24	159.87	1.87	13.68
5	All stocks (69)	133.04	-0.11	133.22	1.90	13.15
	Index-Linked					
6	Up to 5 years (2)	166.89	-0.05	166.98	0.83	3.16
7	Over 5 years (9)	146.77	-0.13	147.34	0.61	4.64
8	All stocks (11)	148.43	-0.12	148.93	0.64	4.51
9	*Debs & Loans (62)*	*114.49*	*-0.18*	*114.69*	*1.86*	*10.75*

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 20	Thu Dec 19	Year ago (approx.)	1991 High	1991 Low
	British Government						
1	Low	5 years	8.90	8.79	9.90	10.14 16/1	8.42 12/11
2	Coupons	15 years	9.38	9.37	10.19	10.24 2/1	9.24 18/9
3	(0%-7¾%)	20 years	9.38	9.37	10.21	10.26 2/1	9.24 18/9
4	Medium	5 years	9.81	9.74	11.06	11.15 2/1	9.56 20/9
5	Coupons	15 years	9.49	9.47	10.56	10.62 2/1	9.41 20/9
6	(8%-10¾%)	20 years	9.45	9.43	10.43	10.50 2/1	9.35 18/9
7	High	5 years	10.04	9.97	11.18	11.25 2/1	9.75 20/9
8	Coupons	15 years	9.55	9.54	10.74	10.80 2/1	9.50 18/9
9	(11%-)	20 years	9.48	9.47	10.61	10.67 2/1	9.41 18/9
10	Irredeemables	†	9.58	9.55	10.40	10.48 31/12	9.43 18/9
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.06	4.03	4.06	4.48 15/7	3.59 18/1
12	Inflation rate 5%	Over 5 yrs.	4.40	4.38	4.15	4.40 1/8	4.09 18/2
13	Inflation rate 10%	Up to 5 yrs.	3.39	3.35	2.70	3.60 9/7	2.13 21/2
14	Inflation rate 10%	Over 5 yrs.	4.21	4.19	3.96	4.22 15/8	3.90 12/4
15	Debs &	5 years	11.23	11.19	12.53	12.63 9/1	11.08 25/9
16	Loans	15 years	11.04	11.01	12.33	12.38 18/1	10.84 23/9
17		25 years	10.85	10.83	12.13	12.16 18/1	10.66 23/9

‡Opening index 2381.1; 9 am 2374.6; 10 am 2371.3; 11 am 2362.0; Noon 2361.2; 1 pm 2362.2; 2 pm 2363.6; 2.30 pm 2368.2; 3 pm 2362.4; 4.10 pm 2356.4; (a) 8.30am (b) 3.34pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	*Other Groups*	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991. **CONSTITUENT CHANGES:** ADDITIONS: Sage Group (5), Seton Healthcare Group (27); DELETIONS: Maxwell Communications (30), Mirror Group Newspapers (30), Sun Life (65).

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons (*594)	550	49½	69½	76½	4¼	11½	20
	600	16	37½	46½	19½	29½	40½
	650	2¼	18	27	56½	60½	68½
ASDA (*30)	25	6½	8	11	2	3	4
	30	3	4½	7¼	4	6	7
	34	1¼	2¼	-	7	8½	-
Brit. Airways (*208)	180	29½	34½	40	1	3½	6½
	200	13	21	25½	4¼	9	14½
	220	3¼	11½	16½	15½	18½	24
SmKl Beecham A (*792)	750	53½	76½	95½	5¼	16	24½
	800	21½	46½	66½	23½	34½	42½
	850	6	25½	44½	57½	61½	66½
Boots (*424)	390	36½	51½	57	2	6	11½
	420	15	30½	38	9	16	21½
	460	2½	12½	19	37	38	42½
B.P. (*279)	260	22½	27½	30½	2	5½	9¼
	280	8	15	19½	6¼	13	18
British Steel (*63)	60	4½	7¼	9½	2½	4	5
	70	1	3¼	5	8½	10½	12
Bass (*992)	950	53½	83½	101	6	16½	25½
	1000	20½	50½	70½	22½	34½	45½
C & Wire (*573)	550	33	54	55½	7½	16	23½
	600	9	27	39	32½	40½	46½
Courtaulds (*446)	420	32	48	54	3¼	9¼	15½
	460	8½	25	31	19	25	31
Com. Union (*435)	420	26	34½	40½	5	17½	20½
	460	6	14½	22½	26½	41	44½
Fisons (*323)	300	29	38	45	3	10½	12½
	330	9½	21	29	14½	24	25
GKN (*279)	280	9½	18	20	7½	21	25
	300	2¼	8	14½	20½	34½	36½
Grand Met. (*848)	800	53	70½	93½	6	17½	22
	850	16	41½	64½	27½	37½	42½
I.C.I. (*1121)	1100	46½	-	-	15	-	-
	1150	20½	43½	63½	39½	78½	86½
Kingfisher (*467)	460	17½	37½	44½	9½	18	25½
	500	5	19	26	34½	34	47½
Ladbroke (*209)	200	13½	20½	25	4	9½	12½
	211	7½	-	-	8½	-	-
Land Secur (*446)	460	6	18	26	16	21	31
	500	1	7	11	54½	54½	57½
M & S (*271)	260	15½	25½	28½	4	8½	11
	280	5	14½	19	14½	17½	22½
Sainsbury (*352)	330	-	35½	40	-	5½	8
	356	8	-	-	9½	-	-
Shell Trans. (*472)	460	21	28	40½	5½	15½	19½
	500	4	10½	21	28½	41	42½
Storehouse (*90)	90	4½	9½	12½	4½	7½	8½
	100	1½	6	8	15	16½	16
Trafalgar (*125)	140	6½	11½	14½	16	24½	27
	160	2	5¼	8	34½	36½	39½
Utd. Biscuits (*390)	390	11½	22	28	9½	18½	22
	420	2¼	9½	15½	30½	37½	41
Unilever (*840)	800	49½	71½	85½	4½	16	22½
	850	17½	37	53	21½	36½	43½
Ultramar (*259)	240	22½	27½	36½	2¼	10½	13½
	260	9½	16½	23	12½	20½	24½
Option		**Feb**	**May**	**Aug**	**Feb**	**May**	**Aug**
Brit Aero (*312)	300	26	28	33	7	22	25
	330	11	14	19	22	37	42

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BAA (*522)	500	36	56	59	8	13	18
	550	10	26	34	32	36	42½
BAT Inds (*579)	600	14	26	33	25	35½	45
	650	2	11	17	68	70	79
BTR (*367)	360	20	27	35	8	17	18
	390	7	13	21	24	34	35
Brit. Telecom (*323)	300	26	35	40	5	8	11
	330	8	18	24	17	21	23½
Cadbury Sch (*416)	390	39	45½	57	7	17	20
	420	21	29	40	21	30	35½
Eastern Elec (*238)	230	11	19	-	7	10	-
	240	-	-	16	-	-	19
Guinness (*496)	475	33½	42½	-	6	13½	-
	500	17½	28	40½	15½	25	27½
GEC (*195)	180	16	22	25	2	4½	7¼
	200	4½	10	12¾	10¼	12	16
Hanson (*189)	180	10	15	17½	6	8½	10½
	200	2¼	6¼	8½	20¼	21	22
LASMO (*223)	220	16	20	29½	13	19½	21½
	240	9	12	18½	25½	32	33½
Lucas Inds (*109)	100	12½	15½	19	1½	4	5¼
	110	6½	10½	13½	5¼	8	10½
P. & O. (*426)	420	26	33½	39½	15½	30½	34
	460	9½	16	24	39	54½	56½
Pilkington (*120)	110	14½	20	22	3¼	6	10
	120	8½	14½	15½	7	10	13½
Prudential (*219)	220	10	13½	18½	8½	14½	17½
	240	3¼	6½	11½	21½	28½	29½
Racal (*49)	47	3½	-	-	1¼	-	-
	51	2	-	-	3½	-	-
R.T.Z. (*463)	460	23½	32½	42½	12½	25½	28½
	500	9	16	25½	37½	49½	52½
Scot. & New (*405)	390	22	35½	42½	8½	13½	20
	420	8	20½	26½	24½	28½	35½
Tesco (*209)	200	15½	20	25	3½	8	9½
	220	5½	9½	14½	13½	18	19
Thames Water (*332)	330	14	24	27½	9½	12½	17½
	350	5	-	-	21	-	-
Vodafone (*351)	330	29½	43	48	6¼	11	15
	360	10½	25½	31	19½	24	25½
Option		**Mar**	**Jun**	**Sep**	**Mar**	**Jun**	**Sep**
Abbey Nat. (*272)	260	20	23½	29	7½	10½	13
	280	10	14½	16½	17½	20½	23
Amstrad (*24)	20	6	8½	9	3	4	4½
	25	3¼	6½	6½	5	6	7
Barclays (*359)	330	39½	40½	49½	7	11½	15½
	360	19	24	33	20	24½	31½
Blue Circle (*207)	200	21	25	27	9	15½	16½
	220	11½	15½	18½	20	27	27
British Gas (*244)	240	13	16½	22½	9	13½	14½
	260	6	9	14	20½	25	25½
Dixons (*183)	180	13½	20	24	9½	12½	16
	200	7	12½	14½	22	24	26
Eurotunnel (*355)	330	40	55	67½	13½	20½	25
	360	21½	38	50	25	33	38
Glaxo (*774)	750	65½	92½	112	26½	38½	45½
	800	39½	66½	87	50	58½	66½
Hawker Sidd. (*716)	700	43½	60½	-	4	8½	-
	750	8½	27½	-	26½	30½	-

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Hillsdown (*157)	160	12	16	19	12	18	20
	177	5½	-	-	22	-	-
Lonrho (*151)	140	19	21	23½	12	14½	17½
	160	8½	13½	15	25	27	31
Midland Bk (*198)	180	30	39½	-	3½	9½	-
	200	18	27½	29	14½	16½	17½
National Power (*139)	130	12	17½	19½	3¼	5	7½
	140	7	10½	12½	7	9	12
Reuters (*949)	900	83½	110	130	22½	34½	42½
	950	51½	80½	103	41½	55½	63½
R Royce (*124)	120	10½	12	14½	6¼	8½	9½
	130	5	7	9½	13½	13½	15½
Scottish Power (*102)	100	5¼	8½	10	6	6	10
	110	2	5	6	13	14	15
Sears (*86)	80	11½	13½	14½	4¼	7	8
	90	5½	8½	10½	8½	12½	13½
Forte (*225)	220	15½	19½	22	6¼	12½	14½
	240	7	10½	14½	16	23½	25½
Thorn EMI (*728)	700	47½	67	72½	13	20	28
	750	24	40½	46	37½	43½	51½
TSB (*117)	110	11½	14½		-	-	5
	120	5½	9	11½	9	10	11½
Vaal Reefs (*$60)	60	5	7	8½	4¼	6½	8
	70	1¼	4	5	11½	13½	14½
Wellcome (*949)	900	91½	121	145	25½	38½	43½
	950	61½	93½	118	45½	56½	61½

EURO FT-SE INDEX (*2356)

	2225	2275	2325	2375	2425	2475	2525	2575
CALLS								
Dec	134	87	45	14	4	1	½	½
Jan	160	120	84½	52½	31½	17½	9	4½
Feb	183	-	109	-	56½	-	24½	-
Mar	206	-	134	-	81½	-	42½	-
Jun	255	-	192	-	133	-	85	-
Sep	283	-	227	-	173	-	125	-
PUTS								
Dec	3	5	12	33	68½	113	162	212
Jan	16	25½	36	56½	83	116	158	202
Feb	26½	-	50½	-	95½	-	160	-
Mar	37½	-	65½	-	105	-	166	-
Jun	63½	-	92½	-	125	-	177	-
Sep	73½	-	95	-	137	-	187	-

FT-SE EUROTRACK 100 INDEX (*1033)

	1050	1075	1100	1125	1150	1175	1200	
CALLS								
Dec	½	½	½	½	½	½	½	-
Mar	40	25	15	7½	4	2½	1	-
PUTS								
Dec	16½	41½	66½	91½	116	141	166	-
Mar	20	30	45	60	80	105	139	-

FT-SE INDEX (*2356)

	2200	2250	2300	2350	2400	2450	2500	2550
CALLS								
Dec	163	115	66½	28½	7½	2	½	½
Jan	186	144	103	70	44	25½	13½	6½
Feb	207	166	129	95½	67	45	30½	19
Mar	230	189	152	119	96	69½	50	36
Jun †	279	-	209	-	146	-	95	-
PUTS								
Dec	1½	4	9	20½	50½	97½	147	197
Jan	13½	22	33	52½	75	109	151	200
Feb	24	33½	45	63½	87	118	156	203
Mar	36	46½	62½	77½	100	127	164	204
Jun †	62½	-	86½	-	125	-	185	-

December 20 Total Contracts 24,185
Calls 14,840 Puts 9,345
FT-SE Index Calls 7,860 Puts 4,971
Euro FT-SE Calls 1,250 Puts 755
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry mths
Premiums shown are based on middle prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Charter Cons.	42	Ladbroke	21	Sears	8	■ OILS	
Allied-Lyons	50	*Comm Union*	40	*Legal & Gen*	33	SmKl Bchm A	60	*Aviva Pet*	2
Amstrad	4	Courtaulds	38	Lex Service	18	TI	39	BP	26
Astec (BSR)	5	Eurotunnel	35	Lloyds Bank	30	TSB	11	Burmah Castrol	44
BAT Inds	53	FKI	5	Lonhro	19	Tesco	21	Conroy Pet	7
BOC	48	FNFC	5	Lucas Inds	12	Thorn EMI	65	Gaelic Res	1
BTR	33	*Forte*	21	*Marks Spencer*	23	T & N	14	Premier Cons	4
Barclays	34	GKN	26	Midland Bank	18	Unilever	60	Shell	40
Blue Circle	20	Gen Accident	40	NatWest Bank	26	Vickers	15	Tuskar Res	1
Boots	33	GEC	16	P & O Dfd	41	Wellcome	70	Ultramar	20
Bowater	55	Glaxo	75	Racal Elect	6	■ PROPERTY		■ MINES	
Brit Aerospace	30	*Grand Met*	87	*RHM*	21	Brit Land	24	RTZ	44
British Steel	10	GRE	11	Rank Org	52	Land Sec.	41		
Brit Telecom	27	Hanson	16	Ratners	9	MEPC	38		
Cadburys	35	ICI	95	Reed Intl	38	Mountleigh	3		

INTERNATIONAL COMPANIES AND FINANCE

Fujitsu to cut investment in semiconductors by 40%

By **Emiko Terazono** in Tokyo

FUJITSU, Japan's leading computer manufacturer and a major silicon chip maker, says it intends to slash investment in semiconductor manufacturing facilities by more than 40 per cent to Y90bn ($701.5m) next year.

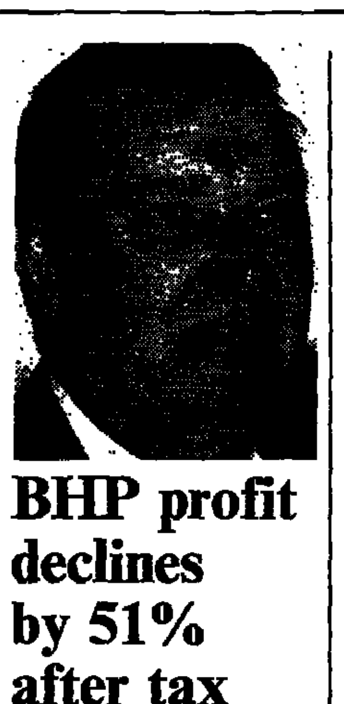
Fujitsu's decision reflects the troubles that Japanese electronics makers, which dominate the world market for memory chips, are facing because of overcapacity in the semiconductor market. The company said that construction of new production facilities would also be postponed to fiscal 1993 or later.

Japanese electronics companies have invested heavily in semiconductor production facilities as the market was forecast to be a prime source of profits in the 1990s. For the current year to March 1992, Fujitsu has spent Y175bn on semiconductor facilities, up 26.8 per cent from last year.

However, with South Korean companies entering the market, and Japanese steel companies making semiconductors, the market has become saturated, and is offering low returns. The prolonged recession in the US and Europe has also affected the companies, as the computer market, a major source of semiconductor consumption, has failed to recover. Fujitsu expects the semiconductor market to remain static for the first six months to September next year.

Earlier this year, Toshiba announced that it would delay by six months the opening of a new production line in central Japan for 4 Mbit chips – the current generation of memory chips which hold four million bits of information – while Mitsubishi Electric said its 4 Mbit lines were running at two-thirds of capacity.

Fujitsu said that capital spending for next fiscal year would be aimed at increasing the capacity of 4 Mbit production lines at its Durham plant in the UK, and building start-up lines for mass production of 16 Mbit chips in northern Japan. The company said that monthly production of 16 Mbit chips next year would be about 100,000 to 200,000 units.



BHP profit declines by 51% after tax

BROKEN HILL Proprietary, the Australian steel, mining and oil company, reports a 51 per cent fall in after-tax profits to A$406.7m (US$314.5m) in the six months to November, 1991, AP-DJ reports from Melbourne.

Turnover declined from A$827m to A407m while earnings per share for the six months were 33.1 cents, against 70.4 cents. Despite the profits setback, BHP is maintaining its dividend at 19.5 cents a share.

Sir Arvi Parbo, chairman, said the latest result did not include any abnormal or unusual items, whereas it recorded a A$157.1m abnormal profit in the year-earlier period.

Excluding the abnormal item, the latest profit was down by 39 per cent, he said.

BHP said that a "strong" performance from its minerals division and reduced financing costs only partially offset the effects of a depressed steel market, lower oil prices and the inclusion of the abnormal profit in the year-earlier result.

However, the steel division faced "real challenges", the company said.

There were no signs of an improvement in the Australian market and competition in international markets had intensified as virtually all steel producers experienced difficult times in their domestic markets, BHP said.

The company's directors said: "Though BHP will be affected in the short term by the slowdown in the world economy and the protracted recession in Australia, we are continuing to develop new opportunities for further profitable growth in many of our businesses.

"Despite the near-term uncertainties we remain confident of the medium to longer-term outlook."

BHP said operating profit at its minerals' division rose mainly as a result of improved sales volumes and prices and an increased contribution from the Escondida copper mine in Chile.

Krupp clinches Hoesch takeover

By **Christopher Parkes** in Bonn

FRIED. KRUPP yesterday clinched the takeover of rival steel group Hoesch to create a German steel and engineering combine with annual sales of about DM30bn ($19.2bn).

Krupp has acquired a further 26 per cent of Hoesch shares from banks and institutions in a move which takes its shareholding to nearly 51 per cent, the company said yesterday.

It refused to disclose how much it had paid, and could not say when or if it would buy the outstanding 49 per cent of Hoesch. Of the outstanding minority WestLB Bank holds a 12 per cent block.

The takeover could have ramifications throughout the European steel industry, if as expected, it leads to rationalisation of the German industry in the face of falling volumes and fierce price competition. Other European producers hope this will pave the way for greater cross-border restructuring.

The move will fuel speculation about the future of Mannesmann's steel activities. Mannesmann jointly runs basic steel-making operations with Krupp.

Earlier this week Hoesch agreed a joint venture with Mannesmann to join forces in the manufacture and marketing of precision tubes and pipes.

The deal is symptomatic of the pressures on medium steelmakers such as Hoesch and Krupp, which each produce about 4m tonnes a year, compared with the largest groups in the industry, Usinor Sacilor, which makes about 23m tonnes, and British Steel, which produces 11m tonnes. According to unofficial estimates, Krupp has already spent more than DM1.25bn on taking control of Hoesch.

Krupp said it expected no basic objections would be raised against the merger during discussions which have started with the federal cartel office in Berlin and the European Commission competition authorities in Brussels.

A formal announcement of the "merger" would be made before the end of the year, and the process of linking the two companies was expected to be completed by the middle of 1992.

Hoesch yesterday merely noted the increase in Krupp's stake. It said talks would continue in the light of the development. The takeover tussle began in October while the two companies were discussing friendly collaboration.

The Essen-based Krupp group unexpectedly revealed that it had acquired a 24.9 per cent holding in its Dortmund rival because of "rumours about a takeover of Hoesch from abroad".

The move was widely seen as a manoeuvre to exclude the likes of British Steel from seeking access to the German economic powerhouse.

Discussions between the companies, which have continued in the interim despite angry protests from Hoesch workers fearful for their jobs, had already identified synergies which could save "several hundred millions of D-Marks", according to Krupp.

Kodak to take $495m charge

By **Martin Dickson** in New York

EASTMAN KODAK, the world's biggest manufacturer of photographic equipment, is to take a fourth-quarter charge against earnings of about $495m to cover the cost of an early retirement programme and further restructuring moves.

Kodak took a $435m restructuring charge in the third quarter, which pushed it into a $118m net loss.

More than $200m of this charge was to cover the cost of the early retirement programme, originally scheduled to cover some 3,000 workers. The company warned at the time that the plan had been more popular than expected and said that it might take a fourth-quarter charge as well.

It said yesterday that 6,733 employees had elected to take early retirement, of which 5,865 would leave by the end of this year. The company estimates the plan will save it $150m after tax annually from next year.

Kodak said more than two-thirds of the fourth-quarter charge concerned the early retirement programme, while the remainder was for the reorganisation of manufacturing and photo-finishing operations abroad and getting out of non-strategic businesses.

Last month Kodak, which is criticised on Wall Street for being slow moving and bureaucratic, announced its fifth restructuring since 1983, which it said was intended to make it more responsive to the market-place.

ING buys 49% of Sviluppo in move towards majority control

By **Ronald van de Krol** in Amsterdam

INTERNATIONALE Nederlanden (ING), the Dutch banking and insurance group, will buy 49 per cent of Sviluppo Finanziaria, the Italian financial services group, as a prelude to taking majority control by the end of 1993.

ING has agreed with Sviluppo's owner, the Milan financial services group Finarte, that it will acquire a further 2 per cent within two years, giving it a 51 per cent stake for which it will pay a total sum equivalent to Fl 75m ($42.7m).

The acquisition gives ING an entry into the Italian market for insurance and fund management and enables it to export its "All-Finanz" concept of combining banking and insurance in one company. Until now, the Dutch group's presence in Italy has been limited to a representative office in Milan owned by NMB Postbank, which merged this year with insurer Nationale-Nederlanden to form ING.

Sviluppo has 700 exclusive agents, called financial consultants, who sell fund investments, savings products and life insurance to private investors. Its head office staff of 200 people are active in capital market activities, stock brokerage, fund management for institutional investors, and mergers and acquisition consultancy. It manages funds equivalent to Fl2.25bn, including nine investment funds. Net profit in 1990 was Fl 7.5m.

Besides its Fl 75m investment in Sviluppo, ING expects to invest Fl 100m over the next five years in setting up and running a life insurance subsidiary in Italy, whose products will be sold and distributed through Sviluppo agents.

On Thursday, ING unveiled a 12 per cent rise in group net profit to Fl 1.1bn for the first nine months of 1991.

Damart sells lingerie side to VF group

By **Alice Rawsthorn** in Paris

VF CORPORATION, the giant US clothing group which owns Lee and Wrangler jeans, is expanding in Europe by buying the lingerie interests of Damart, the French textile company.

The deal, which has been agreed for an undisclosed sum, is the latest in a series of investments by foreign companies within France's lingerie industry. Sara Lee, another force in US textiles, has taken over Dim, one of the best known names in French hosiery. Another hosiery business, Eminence, has been bought by Schiesser of Germany.

Damart is best known for its thermal underwear, where it owns one of the leading international brands. Eighteen months ago it started investing heavily in building up its mainstream lingerie interests. It is these businesses that it is selling to the US group.

The main disposal is Valéro, which includes brands such as Boléro, Silhouette, Variance and Siltex. The combined turnover of these businesses is about FFr250m ($46.9m).

VF and Damart have agreed the terms of the deal but, because the purchaser is outside the European Community, the acquisition must be ratified by the French government.

The Damart disposals come at the end of a tough year for the French textile industry which, like its counterparts elsewhere in Europe, has been battling against fierce competition from Asian imports, slack domestic demand and depressed export markets. This week there was speculation in Paris that Pierre Cardin, one of the larger French fashion houses, is up for sale.

Gechem retreats from goal of world leadership

By **David Buchan** in Brussels

GECHEM, the Belgian chemical company, expects to post a loss of BFr1.5bn ($46.8bn) for 1991 and says it is ceding control of Foamex LP in the US, in a retreat from its previously-stated goal of becoming world leader in polyurethane.

Mr Luc Vansteenkiste, Gechem's chief executive, said the company's slide into loss, from a BFr1.49bn profit in 1990, was "mostly due to extraordinary items", such as the BFr511m cost incurred in the sale of Sadacem and of the $15m expense involved in reconstituting Gechem's partnership with Foamex.

Gechem said it had decided to sell 7.03 per cent of its stake in Foamex to a company called 21 Foam, partly because of the continuing effects of the US recession on users of polyurethane foam in the car and housing sectors. This will bring its stake in Foamex down to 43.47 per cent.

Ex-Sumitomo man named as new Mazda president

By **Emiko Terazono**

MAZDA Motor, the Japanese motor group, yesterday named Mr Yoshihiro Wada as its president to replace Mr Norimasa Furuta.

The appointment of Mr Wada, 60, formerly on the board of Sumitomo Bank, the company's main bank, is seen as an attempt to strengthen ties between Mazda and Sumitomo. Mazda expects non-consolidated pre-tax profits for the year to next March to fall by 47 per cent.

However, some industry analysts say that Mr Wada's appointment could affect the morale of Mazda employees. Mr Furuta, Mr Wada's predecessor, hailed from the Ministry of International Trade and Industry, and the company was expected to appoint a company insider as its next president.

Mr Koji Endo, auto analyst at SG Warburg, the UK broker, said that Sumitomo's influence would become as strong as ever. The Sumitomo group already owns more than 9 per cent of the company.

However, Mazda said that Mr Wada's appointment had not come as a shock because Mr Wada joined the company in 1983 and has held the post of vice-president since 1985. Mazda said it was only natural for Mr Wada to become president as Mr Furuta's four-year term as president finishes this month.

Mr Furuta will become vice-chairman and Mr Keniichi Yamamoto will continue as chairman.

● Dai-Ichi Kangyo Bank has named Mr Tadashi Okuda as its new president from April next year. Mr Okuda takes over from Mr Kuniji Miyazaki, who will become chairman. Mr Ichiro Nakamura, the present chairman, will step aside to be a director-consultant.

Mr Okuda, 59, joined the Nippon Kangyo Bank in 1948 before it merged with Dai-Ichi Bank. He has been active in planning and co-ordination. Before assuming his post Mr Okuda will act as vice-president.

AMD case against Intel weakened

By **Louise Kehoe** in San Francisco

A US Federal court has dismissed a significant portion of Advanced Micro Devices' $2bn antitrust lawsuit against Intel, the leading manufacturer of microprocessor chips, in a case that has broad implications for the entire computer industry.

In its antitrust, filed in August, AMD accused Intel of secretly scheming, in the mid-1980s, to prevent its Silicon Valley semiconductor rival from competing in the market for microprocessors, the "brains" of personal computers.

For the past decade, Intel has been the dominant supplier of microprocessor chips to personal computer manufacturers. In its suit, AMD also alleged that Intel is continuing to use anti-competitive trade practices to maintain its market advantage.

The judge ruled, however, that the statute of limitations, which sets a four-year deadline after a victim becomes aware of anti-competitive actions, had been exceeded regarding Intel's alleged activities before 1987.

Judge James Ware, in granting Intel's motion for partial summary judgment of the antitrust suit, ruled: "AMD either knew or by due diligence should have known of the possible antitrust cause of actions months before the statute limitations had run [out]."

Intel said the ruling was a validation of its claims that the AMD suit was ridiculous.

Thomas Lavelle, Intel counsel, said: "Today's ruling knocks out a major portion of the allegations that AMD has thrown together in their attempt to invent an antitrust case against Intel."

He acknowledging disappointment in the ruling, but said the company would appeal while also pressing ahead with remaining aspects of its claims.

The ruling does not include consideration of AMD's charges beyond the timing of the complaint. AMD says other aspects of the antitrust case remain viable even if this ruling stands.

AMD charges that Intel illegally "tied" microprocessor sales to purchases of other products and threatened to cut off supplies of future components to computer makers that do not buy Intel's current products. Intel is also the subject of an intensifying antitrust investigation by the Federal Trade Commission. The antitrust case is one of several unresolved legal disputes between the companies.

AMD began selling a "clone" of Intel's 386 chip in April.

A final ruling on AMD's separate claims that Intel reneged upon a 1982 agreement to license it to produce Intel-designed microprocessors is due next month.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$358.25	-0.65	$382.15	$392.25	$353.55
Silver Per troy oz	208.15p	-5.10	218.00p	280.55	183.35p
Aluminium 99.7% (cash)	$1110	+12.5	$1514	$1570	$1082.5
Copper Grade A (cash)	£1169	-25	£1326	£1472	£1169
Lead(cash)	£284	-7	£313.5	£382.5	£282.75
Nickel (cash)	$7155	-50	$8585	$9237.5	$7090.0
Zinc SHG (cash)	$1173	+31	$1253.5	$1430	$990.25
Tin (cash)	$5530	+25	$5547	$5915	$5452.5
Cocoa Futures (Mar)	£788	-17	£977	£824	£596
Coffee Futures (Mar)	£550	-85	£584	£619	£492
Sugar (LDP Raw)	$229.20	+2.2	$245	$293	$194
Barley Futures (Mar)	£122.10	+0.05	£116.70	£122.95	£107.75
Wheat Futures (Mar)	£128.85	+0.85	£122.90	£141.10	£111.80
Cotton Outlook A Index	61.40c	-0.25	84.80c	86.25c	61.40c
Wool (64s Super)	417p	nc	414p	421p	329p
Oil (Brent Blend)	$17.55x	-1.475	$25.925	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Feb.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.40-4.55q	-.425
Brent Blend (dated)	$17.55-7.65	-.525
Brent Blend (Feb)	$17.50-7.60	-0.55
W.T.I. (1 pm est)	$18.65-8.70q	-0.70

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$196-199	-1
Gas Oil	$170-7	-7
Heavy Fuel Oil	$68-70	-1
Naphtha	$165-167	-3.5

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$358.25	-0.3
Silver (per troy oz)♣	382.25c	-3.15
Platinum (per troy oz)	$342.25	-2.75
Palladium (per troy oz)	$80.25	-2.0
Copper (US Producer)	101.5c	-0.5
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	14.69	+0.01
Tin (New York)	258.5c	+1.0
Zinc (US Prime Western)	62.0	
Cattle (live weight)†	107.64p	-1.46*
Sheep (dead weight)†	158.98p	+9.50*
Pigs (live weight)†	90.32p	-0.75*
London daily sugar (raw)	$229.2	+1.2
London daily sugar (white)	$271.70	+0.2
Tate and Lyle export price	£232.5	
Barley (English feed)	£125.5u	-1
Maize (US No. 3 yellow)	£147.5	
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	48.25p	-0.25
Rubber (Mar)♥	48.50p	-0.25
Rubber (KL RSS No 1 Jan)	214.0m	-1.0
Coconut oil (Philippines)§	$645.0z	-7.5
Palm Oil (Malaysian)§	$375.0u	-2.5
Copra (Philippines)§	$415	
Soyabeans (US)	£147.5	+4
Cotton "A" index	61.40c	-0.2
Wooltops (64s Super)	417p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb. t-Feb/Mar u-Jan/Mar y-Jan/Feb z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
Mar	194.80	192.40	194.00	191.20
May	193.20	191.40	191.00	190.00
Aug	196.00	195.40	193.00	
Oct	194.00	195.00	192.00	
Dec	193.00	194.00	187.00	
White	Close	Previous	High/Low	
Mar	273.8	273.0	274.5	272.5
May	274.3	273.3	274.7	273.0
Aug	278.7	277.0	280.1	277.0
Oct	261.2	260.5	262.1	259.5
Dec	260.7	261.4	258.5	258.5
Mar	261.2	261.5	261.5	260.0
May	261.2		262.5	260.0

Turnover: Raw 371 (255)lots of 50 tonnes. White 433 (268)
Paris- White (FFr per tonne): Mar 1470.26, May 1486.03

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low	
Feb	17.58	17.89	18.07	17.51
Mar	17.60	17.86	17.88	17.50
Apr	17.60	17.80	17.90	17.56
May	17.61	17.81	17.62	17.51
Jun	17.63	17.79	17.71	17.63
IPE Index	18.06	18.04	18.06	18.06

Turnover 8000 (18288)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low	
Jan	168.50	175.00	172.75	166.00
Feb	168.25	175.75	174.00	167.50
Mar	166.75	173.00	171.50	166.60
Apr	165.00	168.50	168.50	164.60
May	163.25	166.50	166.75	163.00
Jun	163.25	166.60	167.00	163.25
Jul	165.25	167.50	167.00	164.00
Aug	167.25	169.75	165.25	

Turnover 14617 (13376) lots of 100 tonnes

SPICES
Pepper market activity remained limited, with price fluctuations marginal, reports Man-producten. White pepper countries of origin slightly lowered prices to about US$1,425 a tonne cif because of slack demand. Spot Europe black pepper could easily be maintained at about $1,150 to $1,200 a tonne because of tight stocks. Selling pressure from origin countries, mainly Brazil, diminished. Expect a steadier trend for black pepper.

COCOA – London FOX (£/tonne)	Close	Previous	High/Low	
Dec	738	750	741	739
Mar	768	785	785	765
May	791	808	808	790
Jul	816	834	833	815
Sep	838	857	852	836
Dec	866	887	886	878
Mar	896	915	915	895
Sep	940	960	955	939

Turnover: 5807 (2872) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.19 993.87 (984.85) 10 day average for Dec.20 977.78 (975.65)

COFFEE – London FOX ($/tonne)	Close	Previous	High/Low	
Jan	997	985	1002	978
Mar	999	987	1000	981
May	1005	995	1008	990
Jul	1014	1012	1012	1000
Sep	1028	1020	1026	1015

Turnover: 1089 (1295) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.18: Comp. daily 61.90(62.04) 15 day average 63.74 (63.95)
Sterling close: January £541 . March £ 548

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low	
Mar	115.0	114.0	115.0	
Apr	117.9	117.4	118.5	117.2
May	138.0	136.5	136.0	

Turnover 152 (166) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low	
Apr	122.00	123.50	123.00	122.00

Turnover 33 (6) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low	
Dec	1527	1528	1529	1529
Jan	1546	1543	1565	1535
Apr	1572		1577	1565
Jul	1326	1329	1325	
BFI	1509	1521	1508	

Turnover 105 (111)

GRAINS – London FOX (£/tonne)	Close	Previous	High/Low	
Wheat	Close	Previous	High/Low	
Jan	125.40	125.20	125.35	125.00
Mar	128.85	128.70	128.85	128.70
May	132.35	132.15	132.30	132.05
Jun	111.50	133.85	111.50	
Barley	Close	Previous	High/Low	
Jan	118.50	118.65	118.55	118.50
Mar	122.10	122.15	122.10	122.05
May	124.40	124.15	124.20	

Turnover: Wheat 442 (290), Barley 87 (57).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Jan	105.5	105.0	105.5
May	107.5	107.5	107.5
Jun	107.5	107.5	107.3

Turnover:32 (94) lots of 3,250 kg

MGMI – London FOX	Close	Prev.	High	Low	Vol
Index	129.16	130.04			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 15,394 lots
Cash	1109.5-10.5	1105-06		1103-3.5		
3 months	1133-34	1129-30	1134/1127	1127-7.5	1132-33	128,624 lots
Copper, Grade A (£ per tonne)						Total daily turnover 29,223 lots
Cash	1168.5-9.5	1185.5-6.5	1181/1170	1180-81		
3 months	1193.5-94.0	1212-12.5	1207/1192	1206-6.5	1192-93	99,909 lots
Lead (£ per tonne)						Total daily turnover 2,669 lots
Cash	283.5-4.5	287-88		284-4.5		
3 months	295-96	298.5-99	301/295.5	295.5-6.0	296-6.5	15,194 lots
Nickel ($ per tonne)						Total daily turnover 2,527 lots
Cash	7150-60	7212-15		7155-65		
3 months	7190-5	7250-60	7250/7195	7210-15	7200-05	19,313 lots
Tin ($ per tonne)						Total daily turnover 934 lots
Cash	5525-35	5505-10	5518	5517-19		
3 months	5580-90	5580-85	5590/5565	5575-80	5585-89	18,881lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,828 lots
Cash	1172-74	1180-65	1171/1170	1171-1.5		
3 months	1115-16	1107-08	1121/1110	1111.11.5	1114-15	41,374 lots

LME Closing £/$ rate: SPOT: 1.8605 · 3 months: 1.8329 · 6 months: 1.8069 · 9 months: 1.7619

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	358.00-358.50	
Opening	356.40-356.80	
Morning fix	356.25	193.962
Afternoon fix	358.30	192.946
Day's high	359.00-359.50	
Day's low	355.10	356.40

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	4.19	6 months	3.79
2 months	4.10	12 months	3.71
3 months	3.91		

Silver fix	p/fine oz	US cts equiv
Spot	208.15	382.25
3 months	213.70	388.30
6 months	219.35	390.60
12 months	230.20	398.35

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	358.25-358.75	193.00-193.50
Maple leaf	369.30-370.30	199.75-199.25
New Sovereign	87.50-88.50	47.00-47.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1000	134	182	3	7
1100	58	87	22	30
1200	14	38	80	79
Copper (Grade A)	**Calls**		**Puts**	
2100	102	114	16	39
2200	42	61	55	94
2300	12	29	124	149
Coffee	**Mar**		**Mar**	
500	85		6	
550	23		24	
600	8		58	
Cocoa	**Mar**	**May**	**Mar**	**May**
750	85	113	28	22
775	69	96	39	30
800	19	81		40
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1700			22	
1750			50	
1800	42		50	

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Dec	358.6	357.2	358.6	354.6
Jan	359.1	357.8	0	0
Feb	360.3	359.1	361.5	359.2
Apr	362.5	361.4	363.5	359.0
Jun	364.8	363.7	365.3	361.5
Aug	366.9	366.1	367.3	364.3
Oct	369.0	368.3	0	0
Dec	371.2	370.7	368.6	368.6
Feb	373.6	373.3	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Dec	338.1	342.4	339.0	336.5
Jan	339.6	343.6	344.0	332.0
Apr	343.3	347.7	347.5	337.5
Jul	345.3	349.7	346.5	340.0
Oct	351.1	355.5	350.0	349.0
Jan	352.6	358.9	355.0	346.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Dec	383.9	382.7	387.0	378.5
Jan	384.5	383.3	386.0	386.0
Feb	385.2	384.6	0	0
Mar	387.8	386.3	392.0	381.0
May	391.1	389.9	395.0	384.5
Jul	394.2	393.2	399.5	388.6
Sep	397.4	396.6	0	0
Dec	402.4	401.9	406.0	399.0
Jan	404.2	403.9	0	0
Mar	407.9	407.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	96.80	97.00	97.45	96.80
Jan	96.90	97.00	97.80	96.90
Feb	96.85	97.10	97.45	97.00
Mar	96.85	97.05	97.80	96.90
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Feb	18.85	19.12	19.16	18.57
Apr	18.72	19.15	19.15	18.68
May	18.80	19.16	19.12	18.75
Jun	18.84	19.17	19.13	18.82
Jul	18.91	19.17	19.00	18.86
Aug	18.94	19.18	19.10	18.94
Oct	19.00	19.22	19.20	19.04
Nov	19.08	19.25	19.20	19.10

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jan	5135	5348	5340	5120
Feb	5270	5468	5450	5255
Apr	5236	5325	5310	5225
May	5155	5181	5180	5150
Jul	5110	5106	5150	5100
Sep	5301	5301	5325	5310
Oct	5405	5396	5450	5415

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	1296	1312	1324	1292
May	1334	1348	1361	1332
Jul	1369	1379	1390	1365
Sep	1401	1411	1420	1394
Dec	1428	1438	1462	1452
Mar	1462	1472	1460	1460
May	1484	1494	0	0
Jul	1506	1516	0	0
Sep	1527	1537	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Mar	78.00	77.80	78.65	77.80
May	80.65	80.45	81.00	80.45
Jul	83.20	82.65	83.40	83.00
Sep	85.75	85.40	86.75	85.75
Dec	88.75	88.80	89.20	89.00
Mar	92.40	92.25	92.35	92.25
May	94.65	94.35	94.25	94.25

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.68	8.77	8.90	8.72
May	8.74	8.67	8.77	8.65
Jul	8.72	8.64	8.72	8.63
Oct	8.60	8.55	8.62	8.55
Mar	8.60	8.53	8.61	8.58
May	8.60	8.53	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	59.09	62.02	59.65	58.92
May	60.63	64.02	61.10	60.45
Jul	61.80	64.37	62.20	61.65
Oct	63.95	65.58	64.15	63.95
Dec	64.15	66.12	64.35	64.10
Mar	65.37	0	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	160.10	161.60	162.50	160.10
Mar	162.00	163.70	164.60	162.00
May	162.60	164.20	164.75	162.60
Jul	162.60	164.05	163.75	163.00
Sep	159.50	161.05	0	0
Nov	150.00	151.55	150.40	150.40
Jan	147.50	148.95	0	0
Mar	147.50	148.95	0	0
May	147.50	148.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Dec.20	Dec.19	mnth ago	yr ago
1597.0	1599.5	1623.6	1714.3

DOW JONES (Base: Dec. 31 1974 = 100)	Dec.19	Dec.18	mnth ago	yr ago
Spot	112.84	112.77	114.39	122.58
Futures	119.19	119.82	122.29	128.41

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	556/6	553/0	557/4	552/6
Mar	560/4	557/0	561/0	556/4
May	566/4	562/6	567/0	562/4
Jul	574/2	570/2	574/4	570/2
Aug	576/6	573/0	577/0	574/4
Sep	577/0	574/0	577/0	576/4
Nov	581/4	578/6	582/0	578/0
Jan	591/0	588/0	591/4	590/0
Mar	601/0	598/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jan	18.99	19.01	19.05	18.90
Mar	19.32	19.32	19.35	19.21
May	19.61	19.67	19.67	19.52
Jul	19.85	19.98	19.90	19.88
Aug	20.05	20.15	20.05	20.05
Sep	20.12	20.23	0	0
Oct	20.17	20.28	0	0
Dec	20.50	20.68	20.60	20.50
Jan	20.50	20.67	0	0
Mar	21.00	0	0	0

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jan	173.6	172.1	173.9	172.1
Mar	171.7	170.1	171.8	170.4
May	171.7	170.1	171.8	170.3
Jul	172.8	171.4	172.9	171.5
Aug	173.8	172.1	173.8	172.7
Sep	174.0	172.1	174.0	172.3
Oct	186.6	184.8	186.0	185.0
Dec	187.0	185.7	187.0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	251/2	251/2	251/4	249/2
Mar	253/6	253/2	254/0	252/2
May	259/4	259/0	259/6	258/0
Jul	263/6	263/6	264/4	262/6
Sep	260/0	259/4	0	259/0
Dec	256/6	256/2	256/6	255/4
Mar	263/0	262/6	263/0	262/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	406/6	403/0	407/0	400/4
Mar	390/4	388/6	391/0	385/0
May	367/2	364/2	368/0	363/4
Jul	336/2	333/4	336/6	333/0
Sep	341/2	339/0	341/4	339/0
Dec	351/0	351/0	352/0	350/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	67.90	68.97	69.02	67.50
Feb	69.37	70.18	70.35	69.90
Apr	70.72	71.42	71.75	70.45
Jun	67.65	68.35	68.55	67.40
Aug	66.27	66.92	67.25	66.20
Oct	66.52	67.45	67.50	66.30
Dec	67.60	68.35	68.30	67.10

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	41.32	41.17	42.00	40.70
Feb	41.17	41.05	41.25	40.40
Apr	38.77	38.77	39.05	38.30
Jun	44.02	44.20	44.30	43.65
Jul	44.37	44.50	44.60	44.25
Aug	43.32	43.50	43.65	43.25
Oct	40.65	40.70	40.85	40.60
Dec	42.85	43.00	43.10	42.80

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	36.76	37.10	37.40	36.65
Mar	37.22	37.67	37.80	36.95
May	37.72	38.10	38.10	37.15
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

US rate cut depresses dollar

THE DOLLAR, still reeling from the unexpected rise in German interest rates, fell sharply yesterday after the Federal Reserve surprised the markets by cutting the US discount rate by one point to 3.5 per cent.

The move fueled worries that the US economy may be sliding back into recession more quickly than the exchange markets had feared and again raised the prospect that the Bush administration may be willing to see the dollar fall in order to boost American competitiveness.

The worries about a "double dip recession" were underlined by the latest survey of business conditions by the Philadelphia Federal Reserve, which showed manufacturing activity had deteriorated sharply in December and was now back at the levels seen at the begining of this year.

But there were also suggestions from many analysts that the Federal Reserve was responding too hastily to the latest signs of economic weakness. Mr Michael Feeny of Sumitomo Bank said: "The last easing contained a hint of panic. This cut has all the signs of a major panic."

The dollar was down by 3 pfennigs at one stage at DM1.5290 before eventually closing at DM1.5345, down almost 2¼ pfennigs on the day. Trading conditions were hectic at times, although dealers reported no large dollar selling.

Tensions inside the ERM continued to grow as the D-Mark edged higher in the wake of its unexpectedly large interest rate rise on Thursday.

Ireland was the latest ERM member forced to follow the Bundesbank's lead, raising its interest rates by ½ point, while the Danish central bank had to defend the krone despite having raised its rates the previous day.

Attention focused on the Italian lira and French franc - the two weaker currencies which the market believes will next have to raise their rates.

The mark rose to L759.8 from L758.20 and forced the Bank of Italy to repeatedly to defend its currency. Its initial support for the lira was said, by recent standards, to have been aggressive.

France is seen as the likeliest candidate for a rate rise, possibly on Monday, despite government protestations that the rise in German interest rates was purely a domestic affair. The Bank of France supported the franc when the mark threatened to break through FFr3.42. The mark closed up 10 points at FFr3.42.

Sterling was under less immediate pressure as money market rates rose to over 11 per cent, ¼ point above the current level of base rates.

The pound closed at DM2.8550 from DM2.8575, although in New York it slipped to DM2.85. With the peseta firm, sterling's floor fell to DM2.8310 from DM2.8350.

£ IN NEW YORK

Dec.20	Latest	Previous Close
£ Spot	1.8595-1.8605	1.8342-1.8352
1 month	0.99-0.97pm	1.00-0.98pm
3 months	2.88-2.85pm	2.89-2.86pm
12 months	10.37-10.2pm	10.17-10.07p

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.20	Previous
8.30 am	91.5	91.6
9.00 am	91.4	91.6
10.00 am	91.4	91.6
11.00 am	91.5	91.6
Noon	91.5	91.5
1.00 pm	91.5	91.5
2.00 pm	91.6	91.5
3.00 pm	91.7	91.5
4.00 pm	91.7	91.5

CURRENCY MOVEMENTS

Dec 20	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.7	-20.4
U.S Dollar	61.5	-17.1
Canadian Dollar	102.4	+1.8
Austrian Schilling	110.8	+12.6
Belgian Franc	112.6	-1.2
Danish Krone	109.7	+3.4
D-Mark	120.4	+26.1
Swiss Franc	110.2	+18.0
Dutch Guilder	115.6	+16.9
French Franc	104.2	-12.6
Lira	98.9	-19.9
Yen	139.3	+74.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Dec.19

CURRENCY RATES

Dec 20	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.769118	0.712959
U.S Dollar	3.50	1.40441	1.30971
Canadian $	7.57	1.62490	1.51690
Austrian Sch	7.50	15.5412	14.3334
Belgian Franc	8.00	45.4678	41.9466
Danish Krone	9.50	8.59569	7.93354
D-Mark	8.00	2.20900	2.03659
Dutch Guilder	8.00	2.47078	2.29500
French Franc	10¼	7.56643	6.96305
Italian Lira	11½	1669.39	1542.18
Japanese Yen	5.00	180.677	168.166
Norway Krone	8	8.68571	8.01993
Spanish Peseta	-	139.528	129.859
Swedish Krona	10.00	N/A	7.44960
Swiss Franc	7.00	1.95634	1.80477
Greek Drach	19	N/A	233.638
Irish Punt	-	N/A	0.764167

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Dec.19

OTHER CURRENCIES

Dec 20	£	$
Argentina	18369.4 - 18417.7	9900.00 - 9910.00
Australia	2.3965 - 2.3985	1.2970 - 1.2980
Brazil	1836.80 - 1839.10	989.400 - 989.550
Finland	7.7490 - 7.7950	4.1750 - 4.1850
Greece	325.250 - 330.450	177.050 - 180.000
Hong Kong	14.4095 - 14.4310	7.7690 - 7.7710
Iran	117.90*	65.70*
Korea(Sth)	1380.90 - 1403.15	753.90 - 762.90
Kuwait	0.52825 - 0.52925	0.28430 - 0.28480
Luxembourg	58.80 - 58.90	31.60 - 31.70
Malaysia	5.0760 - 5.0875	2.7350 - 2.7380
Mexico	5643.75 - 5663.55	3040.00 - 3042.00
N.Zealand	3.4200 - 3.4245	1.8410 - 1.8435
Saudi Ar	6.6485 - 6.7300	3.7490 - 3.7500
Singapore	3.0380 - 3.0510	1.6370 - 1.6400
S.Af (Cm)	5.1065 - 5.1310	2.7500 - 2.7550
S.Af (Fn)	6.0315 - 6.1305	3.2470 - 3.3005
Taiwan	47.75 - 47.85	25.70 - 25.75
U.A.E.	6.7105 - 6.7875	3.6715 - 3.6735

*Official rate. Floating rate £-2578.0 $-1421.0

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
$ Dollar	1.8600	1.8499	1.8299	1.8017	1.7520
D-mark	2.8550	2.8525	2.8476	2.8405	2.8254
French Fr.	9.7600	9.7511	9.7446	9.7399	9.7129
Swiss Fr.	2.5325	2.5277	2.5170	2.5030	2.4708
Yen	237.25	236.24	234.35	231.39	225.65

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 20	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.859	-2.82	5.28	49
D-Mark	2.05586	2.03659	-0.94	3.27	53
Dutch Guilder	2.31643	2.29500	-0.93	3.26	40
Belgian Franc	42.4032	41.9466	-1.08	3.42	47
Irish Punt	0.767417	0.764167	-0.42	2.74	14
Italian Lira	1538.24	1542.18	0.26	2.04	-18
French Franc	6.89509	6.96305	0.99	1.31	-60
Danish Krone	7.84195	7.93354	1.17	1.12	-58
Sterling	0.696904	0.712959	2.30	0.00	-45

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8330 - 1.8650	1.8595 - 1.8605	1.02-1.00cpm	6.52	3.02-2.99pm	6.46
Canada	2.1200 - 2.1500	2.1475 - 2.1485	0.74-0.65cpm	3.88	1.96-1.82pm	3.52
Netherlands	3.2100 - 3.2255	3.2100 - 3.2200	⅜-¼cpm	1.17	⅞-⅝pm	0.93
Belgium	58.65 - 59.00	58.80 - 58.90	9-4cpm	1.33	19-12pm	1.05
Denmark	11.0400 - 11.1440	11.1275 - 11.1375	1⅞-1¼orepm	1.68	4¼-3pm	1.30
Ireland	1.0710 - 1.0855	1.0845 - 1.0855	0.07-parpm	0.39	0.19-parpm	0.35
Germany	2.8500 - 2.8620	2.8525 - 2.8575	⅜-¼pfpm	1.31	⅞-⅝pm	1.05
Portugal	252.00 - 254.65	252.00 - 253.00	45-111cdis	-3.71	149-255dis	-3.15
Spain	180.80 - 182.55	181.80 - 182.10	20-25cdis	-1.48	73-85dis	-1.74
Italy	2152.40 - 2170.15	2168.25 - 2169.25	2-4liredis	-1.66	7-9dis	-1.48
Norway	11.1850 - 11.2800	11.2525 - 11.2625	¾-¼orepm	0.53	1-¼pm	0.22
France	9.7285 - 9.7910	9.7550 - 9.7650	1-¾cpm	1.08	1⅞-1½pm	0.64
Sweden	10.3760 - 10.4720	10.4350 - 10.4450	3-3¾oredis	-3.66	7½-7¾dis	-2.87
Japan	235.70 - 237.75	236.75 - 237.75	1⅛-1ypm	5.37	3-2¾pm	4.85
Austria	20.06 - 20.15	20.07 - 20.10	3½-2½gropm	1.68	8½-5½pm	1.32
Switzerland	2.5245 - 2.5375	2.5275 - 2.5375	⅝-½cpm	2.67	1⅝-1⅜pm	2.37
Ecu	1.4010 - 1.4095	1.4060 - 1.4070	0.09-0.01cpm	0.43	0.11-0.02pm	0.18

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.85-5.80cpm. 12 Month 10.85-10.75pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8330 - 1.8650	1.8595 - 1.8605	1.02-1.00cpm	6.52	3.02-2.99pm	6.46
Ireland†	1.7105 - 1.7360	1.7350 - 1.7360	0.82-0.77cpm	5.5	2.57-2.47pm	5.81
Canada	1.1520 - 1.1595	1.1545 - 1.1555	0.23-0.26cdis	-2.55	0.82-0.86dis	-2.91
Netherlands	1.7230 - 1.7570	1.7280 - 1.7290	0.75-0.79cdis	-5.35	2.33-2.37dis	-5.44
Belgium	31.60 - 32.05	31.60 - 31.70	12.00-15.00cdis	-5.12	40.00-44.00dis	-5.31
Denmark	5.9800 - 6.0640	5.9825 - 5.9875	2.00-2.45oredis	-4.46	7.30-8.00dis	-5.11
Germany	1.5290 - 1.5585	1.5340 - 1.5350	0.67-0.69pfdis	-5.32	2.04-2.06dis	-5.34
Portugal	136.00 - 137.90	136.15 - 136.25	105-125cdis	-10.13	305-335dis	-9.40
Spain	97.50 - 99.30	97.95 - 98.05	62-68cdis	-7.96	195-205dis	-8.16
Italy	1160.00 - 1179.75	1165.75 - 1166.25	8.20-8.70liredis	-8.70	23.30-24.30dis	-8.16
Norway	6.0300 - 6.1375	6.0500 - 6.0550	2.80-3.20oredis	-5.95	9.10-9.70dis	-6.21
France	5.2325 - 5.3290	5.2450 - 5.2500	2.38-2.43cdis	-5.50	7.47-7.59dis	-5.74
Sweden	5.5970 - 5.6940	5.6100 - 5.6150	4.65-5.00oredis	-10.32	13.00-13.55dis	-9.46
Japan	127.45 - 128.60	127.50 - 127.60	0.11-0.12ydis	-1.08	0.42-0.43dis	-1.33
Austria	10.9400 - 10.9575	10.9450 - 10.9500	4.30-4.75grodis	-4.96	13.30-14.60dis	-5.1
Switzerland	1.3565 - 1.3830	1.3610 - 1.3620	0.45-0.48cdis	-4.10	1.33-1.37dis	-3.97
Ecu	1.3040 - 1.3250	1.3225 - 1.3235	0.66-0.63cpm	5.85	1.98-1.92pm	5.90

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 20	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11½ - 11¼	11½ - 11¼	11⅜ - 11¼	11 - 10⅞	10¾ - 10⅝	10⅞ - 10¾
US Dollar	4¼ - 4	4¼ - 4	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4¾ - 4⅝
Can. Dollar	7¼ - 6¾	7¼ - 6¾	7⅛ - 7	7⅛ - 6⅞	7⅛ - 6⅞	7¼ - 6⅞
Dutch Guilder	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	8⅝ - 8½	8⅝ - 8½	8⅝ - 8½	8½ - 8⅜	8⅜ - 8¼	8¼ - 8
D-Mark	9⅝ - 9½	10⅛ - 10	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9½ - 9⅜
French Franc	10⅞ - 10¾	10⅞ - 10¾	10⅞ - 10¾	10⅞ - 10¾	10⅞ - 10¾	10⅝ - 9⅞
Italian Lira	12 - 10	13¼ - 12½	13⅛ - 12⅞	12½ - 12	12⅝ - 12¼	12½ - 12¼
Belgian Franc	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10 - 9¾	9⅞ - 9¾	9⅝ - 9½
Yen	6⅝ - 6½	6⅝ - 6½	6⅝ - 6½	6¼ - 6	5¾ - 5⅝	5⅝ - 5½
Danish Krone	9¼ - 9	9⅞ - 9¾	9¾ - 9⅝	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾
Asian $Sing	2⅞ - 2¾	2½ - 2⅜	2⅞ - 2¾	2⅞ - 2¾	3⅜ - 3¼	3⅜ - 3¼

Long term Eurodollars: two years 5⅛-4⅞ per cent; three years 5⅝-5½ per cent; four years 6⅛-6 per cent; five years 6⅜-6¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.20	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.860	2.855	237.3	9.760	2.533	3.215	2169.	2.148	58.85	1.407
$	0.538	1	1.535	127.6	5.247	1.362	1.728	1166	1.155	31.64	0.756
DM	0.350	0.651	1	83.12	3.419	0.887	1.126	759.7	0.752	20.61	0.493
YEN	4.214	7.838	12.03	1000.	41.13	10.67	13.55	9140	9.052	248.0	5.929
F Fr.	1.025	1.906	2.925	243.1	10.	2.595	3.294	2222	2.201	60.30	1.442
S Fr.	0.395	0.734	1.127	93.68	3.853	1	1.269	856.3	0.848	23.23	0.555
N Fl.	0.311	0.579	0.888	73.81	3.036	0.788	1	674.7	0.668	18.30	0.438
Lira	0.461	0.858	1.316	109.4	4.500	1.168	1.482	1000.	0.990	27.13	0.649
C $	0.466	0.866	1.329	110.5	4.544	1.179	1.497	1010	1	27.40	0.655
B Fr.	1.699	3.161	4.851	403.2	16.58	4.304	5.463	3686	3.650	100.	2.391
Ecu	0.711	1.322	2.029	168.7	6.937	1.800	2.285	1542	1.527	41.83	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Rates forced higher

LONDON money rates were again forced higher yesterday as part of a wider rise in European rates as funds began to flow into the D-Mark following the 1 per cent cut in US interest rates and ¼ point rise in German rates.

The key three months interbank rate was quoted finally unchanged at 11-10⅞ per cent, having been quoted at 11⅛-10⅞ per cent at one stage.

The effect of the German rate rise continued to ripple through the ERM yesterday.

Irish interest rates were raised by ¼ per cent, while Italian government officials were not ruling out a rise in rates.

Speculation centred on French rates with the Bank of France widely expected to tighten policy early next week.

The March inter-bank futures contract fell heavily to 90.04 from 90.48 in busy trading.

The French government was still putting up official resistance to following Germany, saying that the Bundesbank's move had been caused by domestic inflationary pressures.

But with the French franc under pressure analysts believed a ¼ point rise in the intervention rate to 9¼ per cent was likely, despite there being little justification on domestic economic grounds for another tightening.

Sterling interest rates were also firmer, although there was little speculation about a rise in UK rates. Most dealers believe that with sterling still comfortably above its ERM floor, the government will be able to resist any pressures in the currency markets for an immediate rise in rates.

The March short sterling contract was down 14 basis points at 89.39 in busy dealing. Dealers said the Bundesbank's rise in rates has had a significant impact on expectations in the futures market.

At current prices, the market now believes there will be no reduction in base rates until the end of next year. Earlier this week, it was expecting a ½ point rate cut by the spring.

With market rates firmer, the Bank of England was able to be more generous in its dealings with the money market.

The liquidity shortage, eventually estimated at £1.25bn, was fully met with assistance of £1.251bn.

In New York the Federal funds rate fell after the cut in the discount rate, with dealers believing a new target of 4 per cent had been established, from 4½ per cent previously.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.20) 3 months US dollars		6 months US Dollars	
bid 4½	offer 4⅝	bid 4½	offer 4⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — *Treasury Bills and Bonds*

Lunchtime

Prime rate	7½	One month	3.91	Three year	5.19
Broker loan rate	6½	Two month	4.27	Four year	5.32
Fed.funds	4¼	Three month	3.89	Five year	6.03
Fed.funds at intervention	-	Six month	4.01	Seven year	6.57
		One year	4.12	10-year	6.99
		Two year	4.83	30-year	7.61

Dec.20	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.45-9.60	9.55-9.75	9.45-9.65	9.45-9.65	9.40-9.60	9.75
Paris	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	9.25
Zurich	6¾-7¼	8¼-8⅜	-	8-8¼	-	-
Amsterdam	9.93-10.1	10-10.05	-	9.85-9.95	-	-
Tokyo	6⅞-6½	6⅞-6⅞	-	6⅜-6⅜	-	-
Milan	11¾-12¼	13⅛-13⅜	-	12⅞-13⅛	-	-
Brussels	9.9-10.06	10.00-05	-	9.85-9.95	-	-
Dublin	10¼-10½	10⅜-10⅝	10⅝-10¾	10⅝-10¾	10⅝-10¾	-

LONDON MONEY RATES

Dec 20	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12½	11½	11⅜	11¼	10⅞	10⅞
Interbank Bid	9	11	11¼	10⅞	10⅞	10¾
Sterling CDs	-	-	11¼	10⅞	10¾	10⅝
Local Authority Deps.	11	11¼	11⅛	11	10¾	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11¼	11½	-	-	-	-
Company Deposits	-	-	11⅜	11⅛	10⅞	10⅞
Finance House Deposits	-	-	11¼	10⅞	10⅞	10⅞
Treasury Bills (Buy)	-	-	10¾	10⅝	9⅞	-
Bank Bills (Buy)	-	-	10⅞	10¼	10⅛	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.68	4.30	4.20	4.30
SDR Linked Dep. Offer	-	-	7	6¾	6¾	6⅞
SDR Linked Dep. Bid	-	-	6¾	6⅝	6⅝	6¾
ECU Linked Dep. Offer	-	-	10⅞	10⅝	10⅝	10⅜
ECU Linked Dep. Bid	-	-	10¾	10½	10½	10¼

Treasury Bills (sell); one-month 10¼ per cent; three months 10 per cent; six months 9⅞ per cent; Bank Bills (sell): one-month 10⅝ per cent; three months 10⅛ per cent; Treasury Bills; Average tender rate of discount 10.1575 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 29, 1991. Agreed rates for period Dec.25, 1991 to January 25, 1992, Scheme I: 11.74 p.c., Schemes II & III: 11.75 p.c. Reference rate for period November 1,1991 to November 29, 1991, Scheme IV&V: 10.513 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from December 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
93	3-31	3-62	0-13	0-40
94	2-41	3-15	0-23	0-57
95	1-57	2-38	0-39	1-16
96	1-18	2-01	1-00	1-43
97	0-52	1-35	1-34	2-13
98	0-32	1-09	2-14	2-51
99	0-19	0-53	3-01	3-31
100	0-11	0-38	3-57	4-16

Estimated volume total, Calls 639 Puts 960
Previous day's open int. Calls 19892 Puts 15884

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
99	3-55	3-50	0-27	1-22
100	3-05	3-10	0-41	1-46
101	2-24	2-38	0-60	2-10
102	1-50	2-07	1-22	2-43
103	1-19	1-44	1-55	3-16
104	0-59	1-22	2-31	3-58
105	0-41	1-04	3-13	4-40
106	0-28		4-00	

Estimated volume total, Calls 100 Puts 400
Previous day's open int. Calls 854 Puts 933

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
8550	1.90	2.48	0.11	0.24
8600	1.47	2.08	0.18	0.34
8650	1.10	1.71	0.31	0.47
8700	0.77	1.39	0.48	0.65
8750	0.53	1.09	0.74	0.85
8800	0.34	0.85	1.05	1.11
8850	0.22	0.65	1.43	1.41
8900	0.13	0.48	1.84	1.74

Estimated volume total, Calls 4316 Puts 4713
Previous day's open int. Calls 112051 Puts 49237

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
8975	0.79	1.13	0.01	0.02
9000	0.55	0.90	0.02	0.04
9025	0.34	0.68	0.06	0.07
9050	0.16	0.48	0.13	0.12
9075	0.07	0.32	0.29	0.21
9100	0.03	0.19	0.50	0.33
9125	0.01	0.10	0.73	0.49
9150	0	0.05	0.97	0.69

Estimated volume total, Calls 3155 Puts 6231
Previous day's open int. Calls 32854 Puts 23533

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
9550	1.85	2.02	0.17	0.50
9600	1.45	1.69	0.27	0.67
9650	1.10	1.38	0.42	0.86
9700	0.80	1.12	0.62	1.10
9750	0.55	0.89	0.87	1.37
9800	0.36	0.69	1.18	1.67
9850	0.24	0.53	1.56	2.01
9900	0.15	0.40	1.97	2.38

Estimated volume total, Calls 96 Puts 0
Previous day's open int. Calls 3894 Puts 2123

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Mar	Jun	Puts-settlements Mar	Jun
8850	0.99	1.30	0.04	0.09
8875	0.78	1.09	0.08	0.13
8900	0.58	0.89	0.13	0.18
8925	0.41	0.71	0.21	0.25
8950	0.26	0.55	0.31	0.34
8975	0.17	0.41	0.47	0.45
9000	0.10	0.30	0.65	0.59
9025	0.06	0.21	0.86	0.75

Estimated volume total, Calls 5072 Puts 3893
Previous day's open int. Calls 42494 Puts 27839

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec	95-31			96-02
Mar	96-09	96-19	96-00	96-12

Estimated volume 17875 (23549)
Previous day's open int. 53807 (51950)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	102-14	102-18	102-00	101-07
Jun	101-14			100-07

Estimated volume 1232 (623)
Previous day's open int. 3182 (3145)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	87.29	87.45	87.10	87.29
Jun	87.74			87.73

Estimated volume 40928 (63518)
Previous day's open int. 87538 (84994)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Mar	101.51	101.51	101.29
Jun	101.49		

Estimated volume 948 (205)
Traded exclusively on APT

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Mar	99.94			99.94
N				
A				

Estimated volume 0 (0)
Previous day's open int. 0 (0)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) *
LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Mar	97.18	97.40	97.10	97.47
Jun	97.02			97.55

Estimated volume 4492 (6485)
Previous day's open int. 15698 (14884)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Mar	89.45	89.50	89.33	89.55
Jun	89.71	89.73	89.62	89.78
Sep	90.01	90.02	89.92	90.04
Dec	90.19	90.19	90.11	90.19
Mar	90.20	90.20	90.13	90.20
Jun	90.20	90.22	90.13	90.19

Est. Vol. (inc. figs. not shown) 52309 (53814)
Previous day's open int. 144301 (139500)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Mar	95.90	95.93	95.61	95.61
Jun	95.77	95.80	95.48	95.48
Sep	95.51	95.52	95.27	95.25
Dec	95.01	94.77	94.77	94.74

Est. Vol. (inc. figs. not shown) 2699 (2074)
Previous day's open int. 29304 (28670)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Mar	90.53	90.57	90.41	90.50
Jun	90.86	90.88	90.71	90.85
Sep	91.19	91.20	91.04	91.18
Dec	91.33	91.34	91.24	91.35
Mar	91.52	91.53	91.47	91.52
Jun	91.65	91.64	91.55	91.65

Estimated volume 56091 (71940)
Previous day's open int. 165853 (159473)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	89.93	89.94	89.81	89.98
Jun	90.35	90.39	90.27	90.38
Sep	90.75	90.77	90.77	90.76
Dec	90.85	90.85	90.85	90.87

Estimated volume 4714 (1037)
Previous day's open int. 4440 (4221)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.00	92.08	91.93	92.07
Jun	92.30	92.35	92.28	92.39
Sep	92.49			92.55
Dec	92.59			92.65

Estimated volume 3207 (6247)
Previous day's open int. 21530 (19618)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Dec	2359.0	2390.0	2357.0	2398.0
Mar	2397.0	2429.0	2397.0	2437.0
Jun	2427.0			2467.0

Estimated volume 14968 (12646)
Previous day's open int. 42412 (42879)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Dec	1033.5			1046.0
Mar	1055.0			1079.0

Estimated volume 0 (0)
Previous day's open int. 277 (277)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8600	1.8499	1.8299	1.8017	1.7520

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	102-12	102-20	101-29	101-28
Jun	101-10	101-18	100-31	100-29
Sep	-	100-18	100-10	99-31
Dec	99-12	99-20	99-12	99-02
Mar	98-23	98-23	98-23	98-09
Jun	97-31	97-31	97-31	97-17
Sep	-	-	-	96-26
Dec	-	-	-	96-04
Mar	-	-	-	95-16
Jun	-	-	-	94-30
Sep	-	-	-	-

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	96.30	96.34	96.08	96.08
Jun	96.25	96.35	96.00	96.02
Sep	96.10	96.13	95.88	94.83
Dec	95.70	95.70	-	95.42
Mar	-	-	-	95.23

BRITISH POUND (IMM)
$ per £

	Latest	High	Low	Prev.
Mar	-	1.8322	1.8080	1.8100
Jun	1.8000	1.8000	1.7830	1.7834
Sep	1.7770	1.7770	-	1.7588

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7267	0.7267	0.7186	0.7181
Jun	0.7205	0.7205	0.7115	0.7120
Sep	-	-	-	0.7065

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev
Mar	0.7796	0.7800	0.7758	0.7774
Jun	0.7765	0.7765	-	0.7752
Sep	0.7742	0.7742	-	0.7741
Dec	-	-	-	0.7735

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6427	0.6437	0.6350	0.6346
Jun	-	0.6355	0.6267	0.6266
Sep	0.6260	0.6260	-	0.6194

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Mar	95.91	96.01	95.61	95.62
Jun	95.77	95.95	95.48	95.48
Sep	95.50	95.63	95.27	95.26
Dec	95.00	95.10	94.77	94.76
Mar	94.72	94.90	95.42	94.51
Jun	94.31	94.40	94.11	94.10
Sep	93.90	93.97	93.73	93.72
Dec	93.42	93.54	93.25	93.24

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev
Mar	386.30	389.00	385.80	384.60
Jun	387.50	389.50	387.00	384.60
Sep	389.00	391.50	-	385.90

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Jan	Feb	Mar	Jun	Puts Jan	Feb	Mar	Jun
1.725	13.55	13.45	13.45	13.40	0.02	0.31	0.74	2.70
1.750	11.05	10.95	10.95	10.99	0.05	0.62	1.23	3.55
1.775	8.55	8.55	8.62	8.94	0.15	1.10	1.88	4.56
1.800	6.10	6.42	6.62	7.25	0.47	1.79	2.70	5.73
1.825	3.99	4.63	4.94	5.78	1.07	2.69	3.79	7.09
1.850	2.36	3.21	3.61	4.56	2.06	3.94	5.15	8.56
1.875	1.23	2.16	2.57	3.56	3.56	5.51	6.75	10.29

Previous day's open int: Calls 255,613 Puts 304,362 (All currencies)
Previous day's volume. Calls 14,152 Puts 20,820 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
December	106.76	106.40	-0.50	106.78	106.18	8.93	19,267
March	107.12	106.84	-0.42	107.16	106.60	8.87	110,107
June	107.90	107.72	-0.32	107.90	107.42	8.76	9,072

Estimated volume 146,454 Total Open Interest 138,779

6 to 10 YEAR 10% ITALIAN LONG TERM CONTRACT (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
December	86.43	86.47	-0.23	86.47	86.43	-	5,087
March	-	86.77	-0.23	-	-	-	100

Estimated volume 448 Total Open Interest 5,187

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

March	90.18	90.04	-0.23	90.18	90.03	9.73	32,309
June	90.54	90.40	-0.23	90.54	90.30	9.37	9,576

Estimated volume 30,840 Total Open Interest 46,776

CAC-40 FUTURES (MATIF) Stock Index

December	1670.0	1644.0	-48.0	1675.0	1643.0	-	10,794
January	1684.0	1657.0	-48.0	1687.0	1656.5	-	8,294
February	1698.0	1671.0	-48.0	1698.0	1698.0	-	119
March	1707.5	1684.0	-48.5	1707.5	1684.0	-	6,447

Estimated volume 14,947 Total Open Interest 25,654

ECU BOND (MATIF)

December	107.36	107.18	-0.26	107.36	107.18	8.95	1,136
March	107.68	107.52	-0.24	107.68	107.26	8.80	4,138

Estimated volume 3,003 Total Open Interest 5,264

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	June	September	Puts March	June	September
105	2.08	-	-	0.27	0.38	-
106	1.35	2.22	-	0.53	0.57	-
107	0.76	-	-	0.91	0.91	-
108	0.39	1.10	-	1.50	-	-
Open Int	144,478	11,401	350	85,979	13,345	250

Estimated volume 37,095 Total Open Interest 255,803

BANK RETURN

BANKING DEPARTMENT	Wednesday December 18 1991		Increase or decrease for week
	£		£
LIABILITIES			
Capital	14,553,000		
Public Deposits	103,529,416	+	3,683,937
Bankers Deposits	1,813,143,674	+	37,527,897
Reserve and other Accounts	3,893,847,871	-	413,044,281
	5,825,073,961	-	371,832,447
ASSETS			
Government Securities	1,346,278,529	-	50,984,999
Advance and other Accounts	2,443,245,585	+	95,080,358
Premises Equipment & other Secs	2,031,207,895	-	407,149,023
Notes	3,979,571	-	8,957,745
Coin	364,281	+	178,962
	5,825,073,961	-	371,832,447
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,466,020,429	+	858,957,745
Notes in Banking Department	3,979,571	-	8,957,745
	17,470,000,000	+	850,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,780,234,991	-	615,075,461
Other Securities	5,678,749,909	+	1,465,075,461
	17,470,000,000	+	850,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd				
48 Pembury Road Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	10.80	-	11.24	3 Mth
Deposits Over £1 million	10.90	-	11.35	3 Mth
Deposits Over £2 million	11.00	-	11.46	3 Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.70	-	11.14	3-Mth
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	10.70	-	11.14	3-Mth
Gartmore Money Management Ltd				
16-18 Monument St. London EC3R 8QQ 071-236 1425				
TESSA Desk 071 236 9362				
Call Fnd	10.55	7.91	10.82	6-Mth
7-day Fund	10.88	8.16	11.17	6-Mth
Special Fund	10.87	8.15	11.42	1-Mth
Dollar	3.24	2.43	3.27	3-Mth
TESSA Prime	9.76	-	10.12	3-Mth
TESSA Plus	9.57	-	9.92	3-Mth
TESSA Saver	9.33	-	9.66	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
AIB Bank High Interest Cheque Account				
Belmont Rd, Uxbridge UB8 1SA 0800 282115				
£2,500-£9,999	8.50	6.38	8.77	Qtr
£10,000+	9.25	6.94	9.57	Qtr
Aitken Hume Bank plc				
30 City Road EC1Y 2AY 071-638 6070				
Treasury Acc.	9.00	6.75	9.31	Qtr
Mth Int Chq £1,000-£4,999	9.00	6.75	9.38	Mth
Mth Int Chq £5,000-£49,999	9.50	7.125	9.92	Mth
Mth Int Chq £50,000+	10.00	7.50	10.47	Mth
Allied Trust Bank Ltd				
97-101 Cannon St. London EC4N 5AD 071-626 0879				
TOMNA (£2,001+)	10.90	8.18	11.46	Mth
OMNA (£2,001+)	10.50	7.88	11.02	Mth
HICA (£2,001+)	9.00	6.75	9.38	Mth
Premier TESSA	12.50	9.38	13.24	Yearly
American Express Bank Ltd				
Sussex House, Burgess Hill West Sussex, RH15 9AW 0444 230230				
High Performance Cheque Account				
Cardmembers				
£500-£999	3.50	2.63	3.56	Mth
£1,000-£4,999	8.50	6.38	8.84	Mth
£5,000-£9,999	8.70	6.53	9.06	Mth
£10,000-£24,999	9.10	6.83	9.49	Mth
£25,000-£49,999	9.30	6.98	9.71	Mth
£50,000-£99,999	9.50	7.13	9.92	Mth
£100,000+	9.70	7.28	10.14	Mth
Non-Cardmembers				
£500-£999	3.25	2.44	3.30	Mth
£1,000-£4,999	8.25	6.19	8.57	Mth
£5,000-£9,999	8.45	6.34	8.79	Mth
£10,000-£24,999	8.85	6.64	9.22	Mth
£25,000-£49,999	9.05	6.79	9.43	Mth
£50,000-£99,999	9.25	6.94	9.65	Mth
£100,000+	9.45	7.09	9.87	Mth
Bank of Ireland High Interest Cheque Acc				
36-40 High St, Slough SL1 1EL 0753 516516				
£10,000+	8.75	6.563	9.041	Qtr
£2,000-£9,999	8.50	6.375	8.775	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH 071-601 6446				
MM Chq Acc £2,500-£24,999	8.65	6.48	9.00	Mth
£25,000+	9.11	6.83	9.50	Mth
Barclays Select				
PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	8.50	6.38	8.50	-
£10,000-£24,999	9.75	7.31	9.75	-
£25,000-£49,999	10.25	7.69	10.25	-
£50,000+	11.00	8.25	11.00	-
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton 0604 252891				
£1,000-£2,499	7.00	5.25	7.19	Qtr
£2,500-£9,999	7.70	5.78	7.93	Qtr
£10,000-£24,999	8.40	6.30	8.67	Qtr
£25,000+	8.75	6.56	9.04	Qtr
Benchmark Bank PLC Premier Account				
86 Newman Street, W1P 3LD 071-631 3313				
£2,500-£10,000	9.00	6.75	9.31	Qtr
£10,001-£20,000	9.25	6.9375	9.58	Qtr
£20,000+	10.00	7.50	10.38	Qtr
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2 071-606 9833				
HICA	9.00	6.75	9.29	Qtr
Prof Demand A/c	8.875	6.66	9.10	Qtr
Caledonian Bank Plc				
8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	10.00	7.50	-	Yearly
Cater Allen Ltd				
25 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	9.00	6.75	9.3807	Mth
Consort £5,000 min.	9.75	7.3125	10.1977	Mth
TESSA	10.25	-	10.7455	Mth
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH 071-248 4000				
£2,500-£19,999	9.25	6.94	9.65	Mth
£20,000-£49,999	9.50	7.13	9.92	Mth
£50,000-£99,999	9.75	7.31	10.20	Mth
£100,000+	10.00	7.50	10.47	Mth
$5,000-$49,999	3.00	2.25	3.04	Mth
$50,000-$99,999	3.50	2.63	3.56	Mth
$100,000-$199,999	3.75	2.81	3.82	Mth
$200,000+	4.00	3.00	4.07	Mth
Many other currencies are available—for rates please phone ext. 2168				
Clydesdale Bank PLC				
30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr
Co-operative Bank				
PO Box 300, Skelmersdale, Lancs 0800 616162				
TESSA				
TESSA	11.50	-	-	Yearly
Investment 90 - 90 Day Notice Savings				
£50,000+	10.75	8.10	11.0	6-Mth
£25,000-£49,999	10.50	7.90	10.8	6-Mth
£10,000-£24,999	9.50	7.10	9.7	6-Mth
£5,000-£9,999	8.25	6.20	8.4	6-Mth
Pathfinder - Card Based Current Account				
All Balances	10.00	7.50	10.50	Mth
Top Tier - Instant Access Savings				
£50,000+	9.50	7.10	9.7	6-Mth
£10,000-£49,999	9.00	6.75	9.2	6-Mth
£5,000-£9,999	7.75	5.80	7.90	6-Mth
£1,000-£4,999	7.25	5.40	7.40	6-Mth
£1-£999	3.50	2.60	3.50	6-Mth
Ultra Interest Bearing Current Account				
£20,000+	6.50	4.90	6.70	Mth
£5,000-£19,999	5.50	4.10	5.60	Mth
£500-£4,999	3.00	2.25	3.00	Mth
£1-£499	2.00	1.50	2.00	Mth
Coutts & Co				
Reserve Account				
440 Strand, London WC2R 0QS 071-753 1000				
For personal customers				
£50,000+	9.125	6.84	9.44	Qtr
£20,000-£49,999	8.625	6.47	8.91	Qtr
£5,000-£19,999	8.125	6.09	8.38	Qtr
For businesses, charities and societies				
£100,000-£1,000,000	8.50	6.40	8.78	Qtr
£25,000-£99,999	8.25	6.19	8.51	Qtr
£10,000-£24,999	7.625	5.72	7.85	Qtr
Coutts Composite Account for clients money				
27 Bush Lane, London EC4R 0AA 071-623 3434				
Rates negotiable up to	10.50	-	-	-
Dartington & Co Ltd Investment HICA				
70 Prince St. Bristol BS1 4QD 0272 213206				
£50,000-£1m	9.50	7.13	9.84	Qtr
£25,000-£49,999	9.25	6.94	9.58	Qtr
£5,000-£24,999	9.00	6.75	9.31	Qtr
Financial & General Bank plc				
13 Lowndes Street, London SW1X 9EX 071-235 0036				
H I D A £50,000	10.85	8.137	11.12	6-Mth
H I D A £10,000-£50,000	10.50	7.875	10.77	6-Mth
Gartmore Money Management Ltd				
16-18 Monument St London EC3R 8QQ 071-236 1425				
HICA £10,000+	8.75	6.56	9.04	3-Mth
Halifax Bldg Soc Asset Reserve Cheque Acc				
Trinity Road, Halifax HX1 2RG 0422 335333				
£5,000-£9,999	9.00	6.75	9.31	Qtr
£10,000-£24,999	9.80	7.35	10.17	Qtr
£25,000-£49,999	10.25	7.69	10.65	Qtr
£50,000 and above	10.90	8.18	11.35	Qtr
Julian Hodge Bank Ltd				
10 Windsor Place Cardiff CF1 3BX 0222 220800				
6 Mth Fixed Rate Dep Acc	11.00	8.25	-	-
Extra High Interest Deposit Account				
£50,000+	10.75	8.06	11.19	Qtr
£10,000+	10.25	7.69	10.65	Qtr
£5,000+	9.75	7.31	10.11	Qtr
Humberclyde Finance Group				
Chaffey Ct. Winchester Rd. Basingstoke 0256 841863				
£50,000+	10.50	7.88	10.82	Qtr
Kleinwort Benson Ltd				
158 Kentish Town Rd, London NW5 2BT 071 267 1586				
H I C A (£2,500+)	9.75	7.31	10.21	Daily
Lloyds Bank — Investment Account				
71 Lombard St, London EC3P 3BS 0272 433372				
£50,000 and above	10.40	7.80	10.40	Yearly
£25,000+	10.00	7.50	10.00	Yearly
£10,000+	9.80	7.35	9.80	Yearly
£5,000+	8.40	6.30	8.40	Yearly
Midland Bank plc				
PO Box 2, Sheffield 0742 529994				
Exchequer Acc £5000-	9.78	7.34	10.00	6-Mth
£10,000+	10.02	7.52	10.25	6-Mth
£25,000+	10.49	7.87	10.75	6-Mth
£50,000+	10.73	8.05	11.00	6-Mth
TESSA	11.00	-	11.00	Yearly
NatWest Crown Reserve Account				
41 Lothbury, London, EC2P 2BP 071-374 3374				
£25,000 and above	10.25	7.69	10.65	3-Mth
£10,000 to £24,999	10.00	7.50	10.38	3-Mth
£2,000-£9,999	9.625	7.22	9.98	3-Mth
Provincial Bank PLC				
30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
H.I.C.A. (£1,000+)	8.75	6.56	9.11	Mth
Royal Bank of Scotland plc Premium Acc				
42 St Andrew Sq. Edinburgh EH2 2YE 031-228 5450				
£50,000+	9.50	7.13	9.84	Qtr
£25,000-£49,999	9.20	6.90	9.52	Qtr
£10,000-£24,999	8.75	6.56	9.04	Qtr
£2,500-£9,999	8.10	6.08	8.35	Qtr
Save & Prosper/Robert Fleming				
16-22 Western Rd. Romford RM1 3LB 0800 282101				
Deposit £1,000+ Class Acc.	9.00	6.75	9.42	Daily
TESSA Fixed 1 Year	8.82	-	9.19	Mth
TESSA Variable	10.55	-	11.08	Mth
Sterling Bank & Trust Ltd				
Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592543				
HIDA £2,500+	10.50	7.88	10.78	6-Mth
Tyndall & Co Ltd				
29-33 Princess Victoria St, Bristol 0272 744720				
Demand Acc	09.25	6.94	09.58	Qtr
HIMA	09.13	6.84	09.44	Qtr
HIMA £100,000+	09.38	7.03	09.70	Qtr
Master Plus	09.13	6.84	09.44	Qtr
TESSA	09.88	-	10.25	Qtr
United Dominions Trust Ltd				
PO Box 135, Abbey St, Reading RG1 3EB 0734 560411				
Capital Plus Cheque Account				
£1,000+	9.90	7.43	10.27	Qtr
J. Henry Schroder Wagg & Co Ltd				
120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	10.50	7.88	10.89	Mth
£10,000 and above	10.75	8.06	11.15	Mth
Western Trust High Interest Cheque Acc				
The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	10.00	7.50	10.38	Qtr
£5,000-£14,999	9.75	7.31	10.11	Qtr
£1,000-£4,999	9.50	7.13	9.84	Qtr
Wimbledon & South West Finance PLC				
114 Newgate St. London EC1 7AE 071-606 9485				
High Int Cheque Acc.	10.60	7.95	11.03	Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 1616

Exchequer 10½% Stk 2005 - £107⅝ 107⅝ (18De91)
Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £117 ⅝

Corporation and County Stocks

No. of bargains included 1

London County 2½% Cons Stk 1920(or ...

Bank of Greece 10¾% Ln Stk 2010(Br) - £90¾ (19De91)
Caisse Centrale De Cooperation Econ 12¾% Gtd Ln Stk 2013(Reg) - £118⅞ ⅝ 9⅞ (17De91)
Cigna Overseas Finance NV 13% Uns Ln Stk 2008 - £111½ (19De91)
Credit Foncier De France 10¾%GtdSerLnStk2011,12,13,14(Reg) - £101⅝
14½% Gtd Ln Stk 2007(Reg) - £134⅝ (17De91)
13% Ln Stk 2005 - £119 20

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Banks and Discount Companies

Breweries and Distilleries

Building Societies

Registered Housing Associations

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Electricity

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Northchart Investments LdR 0.10 - £0.2 (13De91)
Zambia Consolidated Copper Mines Ld"B" Ord K10 - 75 (18De91)

Mines – South African

No. of bargains included 33

Barnato Exploration LdOrd R0.01 - 10 (18De91)

Investment Trusts

Oil

Property

Plantations

Shipping

Utilities

Water

Anglian Water PLC5¾% Index-Linked LnStk 2008(3.7738%) - £112¾ (13De91)
Bristol Water Hldgs PLCOrd £1 - 470 (13De91)
8.75% Cum Cnv Red Prf 1998 Shs £1 - 102
Essex Water PLC10% Deb Stk 92/94 - £99 (17De91)
Chester Waterworks Co4.2%(Fmly 6% Max)Ord Stk - £2250 (16De91)
Hartlepools Water CoOrd Stk - £925 (16De91)

Insurance

Miscellaneous Warrants

USM Appendix

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Idaho Power Co $28.25♦ (17/12)
Killinghall Tin (Malaysia) Berhad M$1.49
Leighton Hldgs A$1.24
Malaysian Plantations 10♦
Oil Search A$0.74
Playmates Hldgs HK$4.212 (18/12)
Portman Mining 40 (18/12)
Robinson & Co S$5.479 (18/12)
Stores Communications SK248.85♦ (17/12)
United Plantations Berhad M$4.214 (17/12)

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LONDON STOCK EXCHANGE

Share prices suffer further setback

By Terry Byland, UK Stock Market Editor

THE UK stock market suffered another heavy fall yesterday, closing 33 FT-SE points down at its lowest level since February on increasing concern that domestic interest rates could be forced higher in the wake of the actions by the Bundesbank and the US Federal Reserve. Yesterday's cut of one point in Federal discount rate was larger than expected and the consequent fall in the dollar hurt many of London's overseas earning stocks.

UK equities yesterday suffered one of the larger falls among European bourses, losing around 1.4 per cent as the setback ranged across the full range of the market. Some institutional selling was seen, although once again, a high Seaq volume total reflected very heavy tax-related business.

Account Dealing Dates		
*First Dealings:		
Dec 9	Dec 30	Jan 13
Option Declarations:		
Dec 23	Jan 9	Jan 23
Last Dealings:		
Dec 27	Jan 10	Jan 24
Account Day:		
Jan 6	Jan 20	Feb 3

*New-time dealings may take place from 8.30 am two business days earlier.

At its final reading of 2,358.1, the FT-SE Index was 33.5 lower on the day and only slightly above the low for the session. London paid little heed to the early rise in New York as the Dow Industrial Average which greeted the cut in Federal discount rate. Last night's closing Footsie was the lowest since February 27 when the Index stood at 2,348.

This week has seen the Footsie slide by 93.6 points or about 3.8 per cent as London brokerage houses have repeatedly downgraded forecasts for corporate profits in the face of growing evidence of the damage wrought by recessionary pressures. Government action to help Britain's mortgage sector had little effect on building and construction shares yesterday.

The stock market made a poor start yesterday as one leading house downgraded the entire equity sector and another voiced the generally accepted view that the rise in German interest rates has virtually ruled out any reduction in UK base rates before the British general election which must be held next year. Interest rate worries were heightened by firmness in London money market rates.

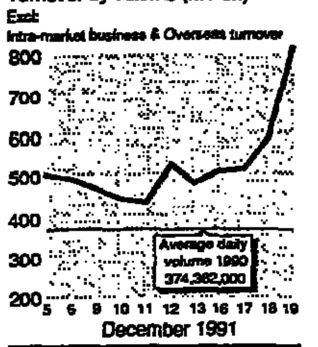
Among the dollar earners, Glaxo and ICI gave ground, and oil shares were particularly weak *in the face of the* sluggishness in world economies. On the domestic side, there were further losses in the building sector, while retail stocks continued to show little faith in Christmas sales prospects.

However, some leading houses claimed that their day's business had been "slanted towards the buy side," and warned of "overdoing the gloom." The Seaq volume total of 724.5m, against 815.3m on Thursday, took in an unusally heavy list of tax-related sell and buy back trades by the composite insurers. Genuine *investment selling was* restrained.

● A significant recovery in retail, or customer, business in equities this week is largely attributable to tax-related *trading by the institutions.*

London SE volume

Turnover by volume (million)
Excl: Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.92	87.10	87.28	87.22	87 34	82 53	87.84 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	*97.27*	*97.37*	*97.47*	*97 48*	*97 49*	*90.90*	*97.49 (16/12)*	*90.59 (2/1)*	*105.4 (28/11/47)*	*50 53 (3/1/75)*
Ordinary Share●	1791.9	1814.7	1833.7	1846.2	1855.4	1688.4	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	143.5	146.3	145.6	147.5	152 1	149.5	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2358.1	2391.6	2413.6	2432.9	2440.8	2164.4	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1076.75	1089.45	1101.95	1105.06	1105 57	-	1198.60 (3/9)	938 62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	5.12	5.05	5.01	4.99	4 99	5 66				
●Earning Yld %(full)	7.70	7.60	7.53	7.50	7.50	11.86				
●P/E Ratio(Net)(☆)	16.31	16.53	16.68	16.75	16.75	10.18				
SEAQ Bargns 4.45pm	24,056	24,557	22,133	21,911	21,064	32,227				
Equity Turnover(£m)†	-	*1871.53*	*1583.09*	*1012.62*	*742.39*	*926.69*				
Equity Bargains†	-	23,243	21,486	20,562	20,888	34,926				
Shares Traded (ml)†	-	806.6	597.9	520.2	509.5	450.3				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.43. † Indicative

Ordinary Share Index, Hourly changes — Day's High 1806.2 — Day's Low 1790.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1806.2	1800.0	1798.7	1792.8	1791.3	1792.8	1794.6	1795.3	1790.4

FT-SE 100, Hourly changes — Day's High 2381.1 — Day's Low 2356.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2381.1	2374.6	2371.3	2362.0	2361.2	2362.2	2363 6	2362.4	2356.8

FT-SE Eurotrack 200, Hourly changes — Day's High 1087.32 — Day's Low 1076.75

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1081.84	1080.71	1079.06	1079.32	1080.18	1079.93†	1080.18†

GILT EDGED ACTIVITY

Indices*	Dec 19	Dec 18
Gilt Edged Bargains	75.3	78.0
5 - Day average	81.1	82.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Mortgage shock for insurers

A WARNING from insurer Sun *Alliance that mortgage* guarantee losses would have a far greater impact on full-year profits than observers had anticipated prompted a rash of forecast cuts yesterday. The statement prompted most analysts to reconsider their forecasts not only for Sun but for all insurers involved in mortgage indemnity.

Sun said it expected a loss of £320m from the mortgage side of its business. The figure surprised *even the bears in the* market; pessimisic analysts had been looking at a figure around £280m. Agency broker James Capel which had forecast a mortgage guarantee hit of some £250m amended its loss forecast for 1991 from £350m to £440m and its 1992 figure from £100m of losses to a downturn of £158m.

Sun shares have fallen by more than 25 per cent since August when the first warn*ings of the mortage problem* was made by Eagle Star. They fell a further 10 yesterday to close at 272p on turnover of 6.6m.

James Capel also joined other houses in cutting its forecast for Royal Insurance, the firm most heavily involved in mortgage guarantees after Sun. It "predicted" a 1992 loss of £115m against £50m previously. Royals lost 11 to 218p. Legal & General, the third most heavily involved, fell 10 to 349p.

The effect of the news spilled over on to the insurers with minimal involvement. General Accident tumbled 21 to 420p with stock said to be washing around in the market. Commercial Union, which has only 2 per cent of the mortage guarantee business slipped 12 to 435p.

The main clearing banks were held back by a sweeping reduction in profit forecasts from County NatWest. Analyst Mr John Aitken of County argued that bad debts would not come down as much as had *been expected*, adding that underlying profits would be hit by a lack of volume growth. Barclays *fell 5 to 359p, Lloyds* eased 3 to 371p and Midland slid 4 to 198p. However, NatWest firmed 4 to 274p.

Oil majors, BP and Shell, suffered various downward pressures on their share price yesterday. BP fell 12 to 291p with *9.2m traded and* Shell dropped 10 to 472p on turnover of 4.5m.

Brimming stocks, unabated supplies and more to come from Kuwait and Iraq dented the market. In addition, the demand outlook ensured that the price of Brent crude for February delivery continued to fall, losing some 50 cents against its already low level by *the time the stock market* closed.

Some analysts were also reexamining their profit estimates. The US investment bank Morgan Stanley said it was preparing a report on BP, but refused to comment on speculation that it had cut its fourth quarter profit forecast to £45m.

Uncertainty over Williams Holdings' chances of winning its £781.5m takeover battle for Racal, which closes tomorrow, saw Williams slip 9½ to 308½p. It was reported that a clumsily*handled sale of Williams* shares had hurt the price. Racal lost a penny to 49p.

The cut in US interest rates plus continuing changes in profit forecasts hit SmithKline Beecham. The shares fell 19 to 794p. Securities house Strauss *Turnbull downgraded its 1992* profit estimate for the pharmaceutical group by £40m to *£1.145bn in view of the antici*pated costs of the launch next year of three significant drugs. The broker also cited dollar and US economic weakness as factors. The cut pares earnings per share to just under 55p from 56.7p.

Other international stocks were under pressure. Reuters Holdings lost its recent strength and slid 18 to 949p. Glaxo suffered for the second day in a row and lost 22 to 777p.

ICI shed 18 to 1121p and Hanson, which was the subject *of a reduced profit forecast*, eased 4 to 189p.

However, no one was pre*pared to sell Wellcome shares* and they picked up 12 to 950p.

Further digestion of Trafalgar House's accounts, published on Thursday, pulled the share price down as analysts took exception to the construction group's treatment of the Davey Corporation's pension fund surplus. The shares fell 21½ to 124½p.

Tour operator Owners Abroad lost 8 to 106p after raising the prospect of a price war *by announcing price cuts to its* summer holiday schedule at a trade press presentation. Nigel Reed at Paribas *said: "A return* to the bad old days of cut-throat competition between operators and the consequent pressure on margins is the last thing the market wanted to hear." Other observers were more generous, Paul Heath at UBS pointing out that the reductions merely bring Owners into line with Thomson and Airtours and seeing no need to revise forecasts on Owners. Airtours lost 33 in sympathy to *870p*.

Property shares continued their decline, with an across-the-board cut in asset values by UBS Phillips and Drew pulling prices down further. Other broking houses are expected to follow suit shortly. British Land was off 8 at 256p, Great Portland lost 4 to 157p, Land Securities fell 12 to 446p, while *MEPC dropped 11 to* 391p.

News of the Fed discount rate cut boosted Rank Organisation which rose 4 to 557p. Recent buy notes on Ladbroke were behind its unchanged price of 209p, while Forte continued to be a haven for investor security, remaining steady at 225p.

Food retailer J. Sainsbury gained 3 to 352p after saying it would open a third of its 310 stores in England and Wales on Sunday from 5 January.

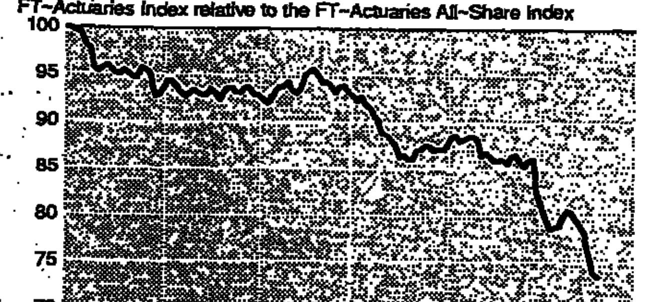
Hoare Govett, the London-based securities trader, produced a positive report on the electrical engineering section yesterday which showed manufacturers expecting growth of 7 per cent in 1992. The sector held steady, market leader BICC unchanged at 313p.

MARKET REPORTERS:
Peter John,
Christopher Price.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

Contracting, Construction

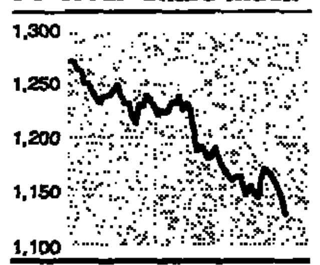
FT-Actuaries Index relative to the FT-Actuaries All-Share Index



Source: Datastream

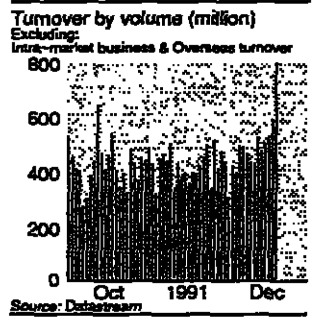
After a brief rally at the beginning of this month, the setback in the contracting and construction sector has been renewed. London-based brokerage analysts have again downgraded the sector, as well as most of the leading names in the industry.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (15).
BUSINESS SERVICES (2) Barbour Index, MITIE, ELECTRICALS (1) Chemring Rrt., ELECTRONICS (2) Electronic Data, Kewill Sys., ENGINEERING GENERAL (1) Whessoe, *FOOD RETAILING (1) Park Food*, HEALTH & HOUSEHOLD (1) Swallowfield, HOTELS & LEISURE (2) Courtyard Leis., Granada 7.5p Prf., MEDIA (2) Daily Mail A, Reed Intl., OIL & GAS (1) *Burmah 8½pc Ln. '91-96*, OTHER INDUSTRIAL MATERIALS (1) Harris (Ph), PACKAGING, PAPER & PRINTING (1) Euromoney Publctns.
NEW LOWS (121).
BRITISH FUNDS (3) Tr. 12¾pc 1992, Ex. 13½pc 1992, Tr. 8½pc 2007 A, AMERICANS (7) Citicorp, Dana, IBM, Pennzoil, Tenneco, Texas Instrs., Woolworth, CANADIANS (5) Abbot Energy, Can. Pacific, Echo Bay Mines, Imperial Oil, Rio Algom. BREWERS & DISTILLERS (1) Whitbread A, BUILDING MATERIALS (7) BPB Inds., Evered Bardon, Marshalls, Meyer Intl., Redland, Sharpe & Fisher, Ward Grp., BUSINESS SERVICES (1) Auto. Security, CONGLOMERATES (2) Trafalgar House, Do. A, CONTRACTING & CONSTRUCTION (7) AMEC 6.5pc Prf., Laing (J), Do. A N/V., Lovell (Y.J.), Mowlem (J), Westbury, Wilson (C), ELECTRICALS (1) Oxford Instrs., ELECTRONICS (3) AB Elect., P & P, Standard Platform, ENGINEERING GENERAL (4) Ransomes, Do. 6¼pc Prf., Silvermines, Verson, FOOD RETAILING (2) Ashley, Do. 8¼pc Prf., INSURANCE BROKERS (1) Alex. & Alex., INSURANCE COMPOSITE (9) GRE, Royal Insce., *Sun Alliance*, INVESTMENT TRUSTS (21) Abtrust New Euro. Wrrnts., Cons. Venture 120 Wrrnts., Contl. Assets Tst. Wrrnts., Drayton English & Intl. Wrrnts., *Drayton Recovery, EFM Java, English Natl.* Dfd., Flmg. Emrg. Mkts., Flmg. Euro. Fldg., Gartmore European, Do Wrrnts., Gartmore Scotland Inc., Do. Cap., German Smllr., Hong Kong Wrrnts., Kleinwort High Inc., Morgan Grenfell Equity Inc., Murray Split Cap., TR Prop., Throgmorton, Do. Wrrnts., MEDIA (3) BBB Design, WPP, MERCHANT BANKS (1) Kleinwort Benson, METAL & METAL FORMING (1) British Steel, MISCELLANEOUS (3) Gestetner, IRG, Shanks & McEwan, MOTORS (4) Abbey Panels, European Mtr., General Mtrs. Units, Lucas Inds Wrrnts., OIL & GAS (11) BP, Bow Valley, Burmah, Cairn Energy, Enterprise, Globe Petrlm., Hardy Oil, Lasmo, Premier Cons., Richmond Oil, Santos, *OTHER FINANCIAL* (4) Burlington, JF Pacific Wrrnts., Robeco, Rolinco, OTHER INDUSTRIAL MATERIALS (2) Conroy Petrlm., Nokia Prf., Whitecroft, PACKAGING, PAPER & PRINTING (2) Sertil Cowells, Tinsley Robor, PROPERTY (9) Barlows, British Land, Brit. Land (Jersey) 8¾pc Cv 2011, Chesterfield 5¼pc Prf., Derwent Valley, Hammerson A, Land Sec., *London Sec. 6¼pc Prf., MEPC*, STORES (3) French Connection, Ratners, Do. 6¾pc Prf., TEXTILES (4) Alexandra Workwear, Jerome, Lister, Vivat, PLANTATIONS (1) *Kuala Lumpur*, MINES (6) Colby, Northgate Expl., Southvaal, Winkelhaak, Zandpan.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	1	74	7	52	278	80
Other Fixed Interest	3	8	8	15	28	52
Commercial, Industrial	101	411	980	745	1,840	4,879
Financial & Property	36	287	456	275	1,019	2,597
Oil & Gas	9	34	48	54	132	273
Plantations	0	1	9	3	4	43
Mines	9	44	99	76	215	469
Others	20	79	45	131	281	313
Totals	179	938	1,652	1,351	3,797	8,706

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	223	318	+13	Cookson	1,200	100	-2	Lucas	652	109	-3	Shell Transport	4,500	472	-10
ASDA Group	6,600	28½	+½	Courtaulds	184	447	-13	MB Caradon	322	240	-1	Siebe	658	494	-5
Abbey National	2,500	272½	-3½	Dalgety	758	359	+2	MEPC	485	391	-11	Slough Ests	54	227	-2
Albert Fisher	16,000	68		De La Rue	2,700	467	+1	Manweb	611	328	-1	Smith (W.H.) A	249	449	+1
Allied-Lyons	1,000	584	-2	Dixons	801	183	-13	Marks & Spencer	1,700	271	-3	Smith & Nephew	2,500	135	
Amstrad	1,800	24	-2	ECC Group	581	483	-2	Midland Bank	1,800	198	-4	SmKl Beecham	1,100	794	-19
Anglian Water	1,000	331	-6	Eastern Elect.	974	238	-4	Midlands Elect.	1,000	274	-3	SmKl Beecham Uts.	103	668	-15
Argos	468	258	-2	East Midland Elect.	871	255	-2	NFC	738	224	-1	Smiths Inds.	54	355	-2
Argyll Group	1,400	272	-2	Enterprise Oil	422	441	-17	NatWest Bank	5,600	274	+4	Southern Elect.	538	285	-2
Arjo Wiggins	1,100	237	-4	Eurotunnel Units	1,000	358	+3	National Power	4,700	138½	-4½	South Wales Elect.	298	292	-2
Ass. Brit. Foods	482	452	+1	FKI	1,700	48	-1	Next	630	58	-1	South West Water	132	310	-6
BAA	3,000	522		Ferranti	1,100	6¼	-¼	North West Water	1,500	335	-7	South West. Elect.	364	248	-7
BAT Inds.	2,000	681		Fisons	1,100	324	-3	Northern Elect.	144	294	-5	Southern Water	488	321	-1
BET	2,200	173	-4	Forte	1,330	225		Northern Foods	279	556	-2	Standard Chartd.	295	402	-12
BICC	2,400	313		*Gen. Accident*	873	420	-21	*Norweb*	417	280	-4	*Storehouse*	2,300	90	-3
BOC	1,500	568	-12	General Elect.	8,000	195	-½	Pearson	471	675	-6	Sun Alliance	6,800	272	-10
BPB Inds.	1,400	123	-6	Glaxo	2,400	777	-21	P & O	1,900	425	-8	T&N	524	107	
BTR	4,300	367	-8	Glynwed Int.	611	201		Pilkington	4,400	120	-2	TI Group	217	517	-7
Bank of Scotland	1,000	108	-3	Granada	1,400	187	-1	PowerGen	2,700	148	-3	TSB	1,400	117	-1
Barclays	3,900	359	-5	Grand Met.	2,000	848	-6	Prudential	3,500	219	-2½	Tarmac	3,700	101	-7
Bass	413	893	-2	GUS A	1,300	1352	-17	RHM	579	240	-1	Tate & Lyle	782	388	+1
Beresford Int.	895	18		GRE	4,000	104	-8	RMC	402	500	-4	Taylor Woodrow	4,100	113	+2
Blue Circle	368	205	-2	GKN	334	279	-2	RTZ	2,900	464	-14	Tesco	3,300	209	
Booker	2,500	438	+1	Guinness	3,800	486	-5	Racal	4,200	49	-1	Thames Water	2,500	332	-3
Boots	288	425	-2	Hammerson 'A'	131	505	-3	Rank Org.	549	557	+4	Thorn EMI	381	728	+1
Bowater	2,200	643	-2	Hanson	10,000	189	-4	Reckitt & Colman	520	813	-2	Tomkins	666	407	
Brit. Aerospace	6,400	312	-4	Hanson Warrants	277	16½	-1½	Redland	1,000	418	-4	Trafalgar House	7,600	124½	-21½
British Airways	7,100	209	+1	Harrisons Crosfield	1,300	104	-9	Reed Intl.	2,200	509	+9	Ultramar	1,400	259	-7
British Gas	663	245	-12½	*Hawker Sidd.*	0	718	-4	*Rentokil*	198	380½	-1½	*Unigate*	22	285	+1
British Land	9,200	248	-8	Hillsdown	1,800	157		Reuters	1,400	949	-18	Unilever	1,100	840	-6
BP	16,000	279	-12	IMI	239	215		Rolls Royce	9,700	124		United Biscuits	1,200	330	+1
British Steel	18,000	62½		ICI	1,300	1121	-18	Rothmans	237	1005	+10	Utd. Newspapers	167	324	-2
British Telecom	77,000	323	+½)	Inchcape	425	367	-8	Ryl Bk Scotland	630	149	-2	Vodafone	2,300	350	-3
Br Telecom New	109	121	-½	*Kingfisher*	1,600	498	-9	*Royal Insurance*	2,000	218	-11	*Warburg (SG)*	110	511	-5
Bunzl	340	83		Ladbroke	3,200	209		Saatchi	6,700	11½	-½	Wellcome	845	950	+12
Burmah Castrol	2,700	462		Land Securities	2,000	446	-12	Sainsbury	1,200	352	+3	Welsh Water	1,500	349	-4
Burton	2,100	35½		Laporte	347	587	-10	Scottish & New	530	404	-2	Wessex Water	661	371	-2
Cable & Wire	1,200	573	+3	Legal & General	410	349	-10	Scot. Hydro-Elect.	561	104	-1	Whitbread 'A'	2,000	406	-2
Cadbury Schweppes	457	416	-1	Lloyds Abbey	171	346		Scottish Power	2,400	102	-2	Williams Hldgs.	2,500	298	-9½
Calor Group	420	215	-1	Lloyds Bank	1,500	370	-4	Sears	2,500	86	-3½	Willis Corroon	928	243	-5
Carlton Comms.	2,100	450	-9	LASMO	4,800	223	-7	Sedgwick	1,000	201	-6	Wimpey	3,200	113	-3
Coats Viyella	898	162	-1	London Elect.	488	244	-5	Seeboard	413	268	-7	Yorkshire Elect.	2,000	310	-4
Comm. Union	584	435	-12	*Lonrho*	4,500	151	-8	*Severn Trent Water*	2,600	327		*Yorkshire Water*	182	365	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

Derivatives had an active session as securities traders grappled with the unexpectedly large cut in US Federal discount rate as well as the implications of the increase in German interest rates on the previous day.

*The December futures con*tract on the FT-SE Index moved erratically often pro*viding the lead* for a depressed underlying equity sector. The premium on the futures contract expanded sharply in early trading but narrowed as the session continued. By the close of business, the premium had come into line with fair value estimations of financing costs and dividend flows.

Traded options saw signifi*cant activity in several leading* contracts, although volume as a whole was more moderate. *Some 24,278 contracts were* traded overall, compared with 30,241 in the previous session.

The busiest contract was the Euro FT-SE (2,025), reflecting the setback in the underlying Index as European bourses reacted to the changes in interest rates inside the ERM. BP (1,403) and Shell (824) were also busy as investors took a bearish view of prospects for oil prices. Trafalgar House (1,041) alse reflected pressure on the price of the underling equity in the face of recessionary pressures.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	115.6516	+0.200	9.52	9.69	9.76
BELGIUM		9.000	06/01	99.7500	-0.200	9.02	9.07	9.07
CANADA *		8.500	04/02	101.1500	+1.000	8.33	8.47	8.62
DENMARK		*9.000*	*11/00*	*101.2250*	*-0.025*	*8.79*	*8.86*	*8.94*
FRANCE	BTAN	8.500	11/96	97.2585	-0.149	9.20	9.09	9.02
	OAT	9.500	01/01	104.4000	-0.420	8.77	8.76	8.83
GERMANY		8.25	09/01	100.8700	-	8.11	8.24	8.23
ITALY		12.000	06/01	96.8500	-0.340	12.58	12.54	12.58
JAPAN	No 119	4.800	06/99	93.8838	-	5.96	5.95	6.26
	No 129	6.400	03/00	104.4836	+0.320	5.61	5.63	5.93
NETHERLANDS		8.500	03/01	98.9500	-0.060	8.68	8.72	8.72
SPAIN		*11.900*	*07/96*	*100.4000*	*-0.100*	*11.72*	*11.67*	*11.95*
UK GILTS		10.000	11/96	100-15	-08/32	9.86	9.64	9.78
		10.000	02/01	102-03	-05/32	9.65	9.57	9.73
		9.000	10/08	96-20	-02/32	9.40	9.35	9.52
US TREASURY *		7.500	11/01	103-19	+38/32	6.98	7.20	7.39
		8.000	11/21	104-20	+46/32	7.60	7.75	7.93

*London closing, *denotes New York morning session* — *Yields: Local market standard*
Prices: US, UK in 32nds., others in decimal — *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday December 19 1991

Health & Household	+	58.81	Electronics	+	10.61
Textiles	+	40.57	Media	+	9.14
Packaging, Paper & Printing	+	34.17	Banks	+	8.46
Business Services	+	30.57	Insurance (Life)	+	8.44
Chemicals	+	30.54	Water	+	1.52
Merchant Banks	+	26.08	Capital Goods	+	0.32
Consumer Group	+	23.73	Food Retailing	-	0.55
Engineering-General	+	23.06	Conglomerates	-	0.72
Stores	+	21.89	Financial Group	-	1.87
Electricals	+	21.44	Hotels & Leisure	-	2.75
Electricity	+	19.51	Motors	-	4.79
Brewers & Distillers	+	19.35	Insurance Brokers	-	4.83
Telephone Networks	+	19.18	Oil & Gas	-	4.85
Transport	+	17.70	Gold Mines Index	-	5.37
Other Industrial Materials	+	17.58	Building Materials	-	15.20
Industrial Group	+	16.31	Property	-	17.25
Other Groups	+	15.47	*Engineering-Aerospace*	-	18.78
Food Manufacturing	+	15.44	Insurance (Composite)	-	19.89
500 Share Index	+	13.21	Contracting, Construction	-	26.64
Investment Trusts	+	11.82	Metals & Metal Forming	-	28.74
All-Share Index	+	11.10			

COMMODITIES

WEEK IN THE MARKETS

Sellers put platinum on the ropes

DISENCHANTED JAPANESE investors knocked the stuffing out of the platinum market this week, leaving it defenceless when General Motors of the US dealt it a further blow with the announcement of plant closures and heavy job losses. After reeling to a six-year low of $327 a troy ounce *overnight* in the Tokyo market the price clambered back to $334.75 an ounce at the London *bullion market's* morning fixing yesterday, and by the afternoon fix it had rallied to $342.25 an ounce. But *that* was still $14 down on the week and traders were not expecting a sustained recovery.

"We're probably near the bottom," Ms Rhona O'Connell, precious metals analyst at London stockbroker Williams de Broe, "but it is difficult to see much of a bounce."

She explained that erosion of underlying *support* by the deteriorating performance of the motor industry – the main user of platinum, *for the manu*facture of exhaust-cleaning catalytic converters – had been interrupted after an unexpected pick-up in US car sales *in October*. That had sparked something close to "euphoria" among Japanese investors, who have a traditional enthusiasm for the white metal. But that made the disappointment at the resumed US sales decline in November and *December all the more bitter*, and the resulting price reversal was probably sharper than it would have been had the October sales figures not given rise to false hopes, Ms O'Connell suggested.

Although low prices might result in expansion plans being delayed, *she* saw little prospect of the present supply/demand imbalance being corrected from the supply side. South African producers were "*hun*gry for market share" and the former Soviet Union's desperate need of hard currency meant *continuing heavy ship*ments were likely from that quarter.

This week, increasing pessimism in the Tokyo market was turned into "panic selling" by a single fund manager's heavy liquidation of platinum holdings, according to Ms O'Connell. And then came the General Motors announcement.

The resulting sell-off appeared to have cleared out most long holders of the metal, *she said, and some speculators* had been going short. But yesterday's rally was also thought to be largely speculative in nature, though it was encour*aged by hopes* that the US Federal Reserve's discount rate cut would ease the problems of the country's motor industry.

At the London Metal *Exchange a fairly quiet* week was enlivened by a rally in the nickel market. After coming *under pressure from the* announcement on Tuesday of a sharp rise in exchange warehouse stocks the market ran into good trade buying and *short-covering which was later* encouraged by reports that the recent price dip had attracted substantial Chinese buying, in excess of 10,000 tonnes, some traders suggested. Profit taking yesterday cut the cash nickel price by $58.50 to $7,155 a tonne, but that was still $50 up on the week.

LME WAREHOUSE STOCKS (As at Thursday's close)tonnes		
Aluminium	+21,425	to 938,050
Copper	+1,150	to 316,875
Lead	+3,350	to 125,950
Nickel	-120	to 11,202
Zinc	-6,650	to 158,175
Tin	-5	to 13,290

Cash zinc was another strong market, ending $31 up on the week at $1,173 a tonne. But that largely reflected *nearby supply tightness*, encouraged by a sharp fall in LME stocks, and the three months position was up only $7 at $1,115.50 a tonne.

The biggest decline at the LME was in the copper market, where the cash position finished £25 down on the week at £1,169 a tonne and the three months price £21.75 down at £1,193.75 a tonne. But that was entirely a reflection of ster*ling's strength against the dol*lar. In terms of the US currency the cash price was up about $6 on the week.

The currency factor also weighed on the market in lead, the LME's other sterling denominated contract, and was *largely responsible for the cash* position's £7 fall to £284 a tonne.

In contrast that factor helped the tin market to stage a fairly substantial rally. After slipping $35 on Monday to $5,470 a tonne the cash price advanced to close yesterday at $5,530 a tonne, up $25 on balance. Traders explained that *the lower dollar rate made* the metal cheaper in local currency terms, and that had given *rise to some physical* buying interest.

That consideration may also have played a part in lifting the cash aluminium price by $12.50 on the week to $1,110 a tonne, although there was also talk of emerging US physical *demand and a certain amount* of short covering to counter a further substantial rise in LME stocks.

Richard Mooney

APPOINTMENTS

Crucial task for Ulster jobs

John McGuckian, one of Ulster's leading businessmen, has been appointed chairman of the Industrial Development Board, *Northern Ireland's main* jobs promotion agency.

McGuckian, 52, will succeed Eric McDowell next month. The appointment is initially for a three-year period.

He will be heading an agency with an annual budget of £107m, 360 staff and a main objective of attracting internationally competitive companies *to the province*.

McGuckian's new job is a part-time, non-executive post. However, the IDB board plays a crucial role in formulating economic strategy for the organisation.

He comes to the IDB at a particularly sensitive time. An upsurge in terrorism in recent months has again damaged Northern Ireland's image abroad and made it more difficult to persuade companies to locate in the province.

In his role as chairman of the International Fund for Ireland, McGuckian has vast experience in tackling the image problem abroad and has built up extensive international business contacts. He is a regular visitor to the United States – the International Fund's main contributor – and his American contacts will be particularly useful to the IDB, which regards North *America as an important tar*get market.

McGuckian also has extensive interests in farming and property development and is deputy chairman of the Laganside Corporation, the body responsible for regenerating Belfast's river basin.

■ **Noël Annesley**, one of London's best-known fine art auctioneers, has been appointed deputy chairman of Christies International.

The 49-year-old Annesley, an Old Harrovian *and* Oxford classics scholar, has worked for Christie's for 27 years and *established the firm's prints* and drawings department. As director of fine arts for Christie's UK, he travels extensively cataloguing collections in Japan and North America as well as Europe. Among his recent auctioning successes was last week's £7.4m sale of Titian's Venus and Adonis – a record price for the artist.

*Annesley's promotion to dep*uty chairman will help reduce the workload of Lord Carring*ton, Christies International's* 72-year-old chairman. Given the difference in age between the two men, the promotion suggests that Annesley could eventually become chairman of the 225-year-old firm of auctioneers.

Dobinson wheels in to Ford's motor sport

Colin Dobinson**, currently* **manager of Ford's special marketing studies in Europe,** ***is to take over as the **company's director of European motor sport when current incumbent Peter Ashcroft retires at the end of the month.**

Dobinson, 47, who has held a wide variety of Ford jobs since joining the company as a school-leaver, will be following in the footsteps of ***two of the best-known figures in the motor sport business*** **– an activity on which Ford** ***places high priority in its*** **marketing and promotional programmes.**

Ashcroft, a quietly-spoken and much-liked figure on the international race and rally scene, will himself have held the European job for only a ***year by the time he retires*** **at 63.**

But during the 28 years ***since he quit Formula 3 racing*** **to join Ford's competition department as a mechanic, he has led or been involved in almost every big Ford motor sport programme.**

Until taking over the European job from Stuart Turner – himself architect of British Leyland Mini victories in the Monte Carlo rallies of the 1960s before moving to Ford – Ashcroft had been Ford of Britain's ***competition manager since*** **1972.**

Dobinson's own links with motor sport are less close, dating back to 1982, when he initiated a series of marketing programmes linked to Ford Motorsport activities.

Non-executive directors

■ **Anthony Scott-Harden** resigned from NEW CAVENDISH ESTATES.
■ **John Danneberg** to ADT in place of the late David Bates; he was executive until June this year.
■ ***Sir Simon Hornby** as* chairman of LLOYDS ABBEY LIFE.
■ **Sir John Knott** to AMEC.
■ **Malcolm Hartley** to BORDER TELEVISION.
■ **John Birkelund** to BARINGS.
■ **Robert Wilson**, chief executive of RTZ, to BOOTS.
■ **Michael Dowdall**, who retired as a director of Unilever *in May, to GEEST*.
■ **John Steele**, who was director general for transport of the EC Commission for five years, to P&O.

Departures

■ **David Heywood**, deputy chairman, and **Ronald Crichton** are retiring from the board of BRITISH AMERICAN TOBACCO.
■ **Trevor Lamb** is retiring from IMI.
■ **Cathal McCarthy** resigned from EWART.

■ **Peter Finch** is md of BRITISH AEROSPACE Communications.
■ **Colin Bayley** is appointed md of SHANDWICK Communications.
■ **Keith Dunt** is appointed a director of BRITISH AMERICAN TOBACCO.
■ **NIELSEN** has appointed the following directors: Jeremy Wyndham, director of media international; Mike Penford, customer services director; Paul Dickinson, production director; Roger Landells, quality research and development director.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	116.2	116.2	123.5	-0.6	9.33
High Inc Equity	6	119.7	122.8xd	130.6	-1.2	6.51
Worldwide Bond	6	211.3	211.3xd	224.5	+0.2	6.68
Capital Growth						
American Growth	6	189.2	189.2	202.1	-1.3	1.10
Asian Pacific	6	115.0	115.0	122.9	-1.3	1.28
Assets & Earnings	6	168.8	168.8xd	180.5	-1.1	3.32
Capital Reserve Acc	0	111.0	111.0	111.0	-0.3	6.84
Capital Reserve Inc	0	87.74	87.74	87.74	-0.25	6.84
Comdty & Energy	6	66.39	66.39	71.00	-0.85	1.92
1992 Enterprise	6	61.33	61.33	65.59	-0.35	3.14
Euro Capital Acc	6	81.42	81.42	87.08	-0.38	1.20
Euro Capital Inc	6	77.79	77.79	83.19	-0.37	1.20
General	6	158.0	158.0	168.9	-1.4	2.96
Japan	6	86.53	86.53xd	92.54	-1.35	–
Mastertrust	6	84.43	84.43	90.29	-0.73	2.84
UK Growth Acc	6	162.8	169.5	180.3	-0.8	2.21
UK Growth Dist	6	103.5	107.8xd	114.6	-0.5	2.25
US Emerging Cos	6	71.20	72.58	77.21	-0.48	–
Income & Growth	6	274.0	274.0xd	293.0	-2.5	4.78
Ethical	6	51.08	52.42	55.76	-0.27	2.80
International	6	57.61	58.43	62.15	-0.49	1.42
Dividend & Growth	6	44.64	45.80	48.72	-0.43	6.16
Global Gwth & Sec	6	52.35	52.59	55.94	+0.06	3.11

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	17.41	17.41xd	18.37	....	1.40
Progressive Acc	5	26.59	26.59	28.06	....	1.40
International Inc	5	18.56	18.56	19.59	..	1.20
International Acc	5	25.18	25.18	26.58		1.20
Can & Foreign Inc	5	213.7	213.7	225.5	...	1.51
Can & Foreign Acc	5	255.4	255.4	269.6	....	1.51
Special Sits Inc	5	196.9	196.9	207.8	...	1.35
Special Sits Acc	5	213.9	213.9	225.8	...	1.35
PEP Inc	5	133.3	136.9	144.5	...	2.00
PEP Acc	5	142.3	146.2	154.3	.....	2.00
Growth Inc	5	73.31	73.31	77.37		0.48
Growth Acc	5	74.06	74.06	78.16	...	0.48

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	112.7	112.7	120.5	-1.1	3.66
Dolphin Dividend	5½	53.54	54.43	58.21	-0.62	6.60
Dolphin Int Inc & Gth	5½	150.9	150.9	161.3	-1.5	4.86
Dolphin UK & Gen	5½	34.19	34.39	36.78	-0.27	1.92
Dolphin Fund of Funds	5½	44.53	46.61	49.84	-0.4	1.28

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	72.43	72.43	77.46	-0.60	2.71
Do (Accum)	6	77.57	77.57	82.96	-0.65	2.71
Service Cos	6	62.67	62.67	67.03	-0.18	1.98
Do (Accum)	6	66.56	66.56	71.19	-0.19	1.98
Income Growth	6	37.45	37.45xd	40.05	-0.28	5.59
Do (Accum)	6	53.93	53.93	57.68	-0.41	5.59
Higher Yield	6	29.97	29.97	32.05	-0.20	4.90
Do (Accum)	6	38.39	38.39	41.06	-0.26	4.90
American Gth Inc	6	31.67	31.67	33.87	-0.63	1.08
Do (Accum)	6	32.27	32.27	34.51	-0.64	1.08
European Growth	6	23.74	23.74	25.39	-0.08	1.40
Do (Accum)	6	24.40	24.40	26.10	-0.09	1.40
Global Bond Inc	6	22.53	22.60xd	24.18	-0.01	6.03
Do (Accum)	6	26.74	26.82	28.69	-0.01	6.03

[illegible]

For Geoffrey Morley see Commercial Union

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	5	66.05	66.28	70.74	(z)	4.24
Acumen Reserve	3	66.68	66.68	68.67	(z)	9.63
American Income	5	123.00	123.00	130.30	(z)	3.65
Equity Income	5	74.50	74.50xd	79.50	(z)	6.25
European	5	49.78	49.78	53.02	(z)	1.60
Far Eastern	5	102.88	101.90	108.70	(z)	2.92
Smaller Cos	5	45.38	45.38xd	48.43	(z)	2.85
Olympiad	5¼	43.14	43.14	46.04	(z)	1.03
Olympiad Income	5¼	41.04	41.04xd	43.79	(z)	6.29
UK Growth	5	69.21	69.92	74.63	(z)	2.04

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Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth						0202 298422
Cash	1	50.00	50.00xd	50.50	+0.02	10.6
Charities Privilege	5½	47.79	48.08	51.29	-0.26	9.42
Ethical	5¼	45.47	46.46	49.43	-0.37	4.90
European Growth	5½	44.07	44.22	47.17	-0.07	3.3
Income	5½	43.62	43.71	46.62	-0.54	8.38
Intl Growth	5½	59.75	59.86	63.85	-0.42	3.51
Managed	5½	53.42	53.81	57.37	-0.47	4.93
UK Growth	5½	46.71	47.35	50.51	-0.46	6.25
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS						071-280 6521
Magd Exempt Acc	3	181.2	185.4	191.0	-1	3.22
Do Income	3	172.9	179.1	182.3	-0.9	3.22
Standard Life Tst Mngmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ						0800 393777
Managed Acc	5¼	33.74	33.74	35.85	-0.3	2.71
UK Equity Gth Acc	5¼	45.65	46.53	49.44	-0.4	2.44
UK Eq High Inc Inc	5¼	27.18	27.84	29.59	-0.4	6.88
UK Eq High Inc Acc	5¼	30.56	31.31	33.27	-0.4	6.88
UK Equity Gen Acc	5¼	43.18	43.93	46.68	-0.4	3.77
UK Equity Gen Inc	5¼	33.79	34.38	36.53	-0.3	3.77
UK Larger Cos Acc F	7½	281.8	285.8	310.1	-3.0	4.93
UK Larger Cos Inc F	7½	226.9	230.1	249.7	-2.4	4.93
Gilt & Fxd Int Inc	5¼	27.81	27.88	29.49	-0.1	7.89
Euro Larg Cos Acc F	7½	197.9	201.7	218.9	-2.6	2.19
Nth American Acc	5¼	32.58	32.76	34.81	-0.4	0.73
Far East Acc	5¼	37.79	38.75	41.18	-0.7	0.04
European Acc	5¼	31.69	33.32	35.41	-0.2	1.77
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh						031-226 3271
American ♥	5	269.0	269.0	287.7	-2.5	0.82
(Accum Units) ♥	5	316.6	316.6	338.6	-3.0	0.82
British	5	772.6	785.6	831.2	-4.1	6.34
(Accum Units)	5	1269.4	1290.7	1365.7	-6.7	6.34
European	5	906.6	306.6	326.5	+1.6	1.56
[illegible]						

Funds in Court*

Capital Dec 12

Gross Dec 12

High Yield Dec 12

* Restricted to funds under Court control

Henderson Unit Trust Management Ltd

Pension Magd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.*

2 Fore Street, London

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd

Societe Generale Touche Remnant UT Mngt

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

For Touche Rem see Societe Gen Touche Rem

INSURANCES

Abbey Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Arun Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Acorn Life Assurance Ltd

AEGON Life Assurance Co (UK) Ltd

AEtna Life Insurance Co Ltd

Britannia Life Assurance

Britannia Life Ltd

CCL Assurance Ltd

City Life Group

Albany Life Assurance Co Ltd

Canada Life Assurance

Cannon Assurance Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Insurance PLC

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

FS Assurance Ltd

FT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Legal & General - Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

Manchester Unity Assurance

Manulife Group

Manulife Group - Contd.

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

MGM Assurance

NM Life Assurance Ltd

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charities/Charishares

CAFINVEST-Charities Aid Foundation

COIF-Charities Official Inv Fds

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd

Tindertale Trust Mngrs Ltd

Trades Union Unit Tst Mngrs (1200)H

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management

Whittingdale Unit Tst Mngmt Ltd

Wesleyan Unit Trust Managers Ltd

Sterling Intl Inv Mngrs Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)H

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

For Crusader Insurance see Britannia Life Assurance

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	102.7	108.1	----	-
Pension Managed Fd	101.1	106.4	----	-
Life Deposit Fd	111.4	117.2	----	-
Pension Deposit Fd	118.3	124.6	----	-

For National Fin see Target Life

	Bid Price	Offer Price	+ or -	Yield Gross
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	164.8	173.5	----	-
UK Equity	171.0	180.1	----	-
Overseas Equity	130.5	137.4	----	-
Fixed Interest	163.4	172.0	----	-
Property	129.1	135.9	----	-
Index Linked	151.7	159.7	----	-
Deposit	165.3	174.1	----	-
With Profits (B)	135.2	142.4	----	-

	Bid Price	Offer Price	+ or -	Yield Gross
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	334.7	352.4	-2.8	-
UK Equity	416.3	438.3	-3.8	-
Overseas Eq.	316.1	332.8	-3.6	-
Americas	271.0	285.3	-2.5	-
Far East	334.4	352.0	-4.0	-
Property	193.7	203.9	----	-
Fixed Int.	273.1	287.5	-1.0	-
Indexed Gilt	160.4	168.9	-0.4	-
Deposit	188.9	198.9	----	-
With Profit	105.8	111.4	+0.1	-
Pension Fund (Accum Units)				
Managed	484.2	509.7	-4.0	-
UK Equity	563.0	592.7	-5.8	-
Overseas Eq	541.5	570.1	-4.5	-

	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capitol Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	205.6	216.9	-1.7	-
UK Fixed Int Acc	193.6	204.3	-0.4	-
Intl Equities Acc	162.8	171.8	-1.7	-
UK Managed Acc	163.4	172.3	-1.2	-
Property Acc	224.3	236.7	----	-
Money Acc	134.6	142.0	+0.1	-
Special Market Acc	138.4	146.0	-1.7	-
Japan Equity Acc	90.1	95.1	-1.6	-
North American Acc	92.9	98.0	-1.1	-
Pacific Acc	87.3	92.1	-1.2	-
Technology Acc	113.9	120.2	-1.2	-
Nat Resources Acc	50.5	53.3	-1.1	-
European Acc	91.5	96.6	-2.0	-
Residential Prop Acc	90.6	95.6	----	-
Swiss Equities Acc	30.7	32.4	-0.2	-
Hong Kong Acc	66.4	70.1	-0.8	-
UK High Inc Eq Acc	66.4	70.1	-0.6	-
Int Fixed Interest Acc	60.6	64.0	+0.1	-
Int Managed Acc	53.8	56.7	-0.5	-
HIP Managed Acc	109.7	115.7	-0.8	-
HIP Managed II Acc	96.2	101.4	-0.8	-
HIP Managed III Acc	104.6	110.3	-0.8	-
Total Investment Bond				
UK Equity Initial		139.3	-1.0	-
UK Fixed Int Initial		131.4	-0.3	-
Intl Equities Initial		109.7	-1.1	-
UK Managed Initial		110.9	-0.7	-
Property Initial		153.3	----	-
Money Initial		91.7	----	-
Special Market Initial		107.1	-1.2	-
Japan Equity Initial		69.7	-1.2	-
North American Initial		71.9	-0.8	-
Pacific Initial		67.5	-0.9	-
Technology Initial		88.1	-0.9	-
Nat Resources Initial		39.0	-0.9	-
European Initial		81.8	-1.7	-
Residential Prop Init		86.2	----	-
Swiss Equities Initial		29.1	-0.2	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

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CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

December 20	US$	+ or –
Commerce Cl ...	28xd	....
Comm Satellite	34	....
Commonw Edison	38¾	+⅞
Compaq Computer	25⅛	+¼
Computer Ass Int	9⅞xd	+½
Computer Sciences	71¼	+3¾
Conagra	33xd	–⅛
Cons Edison	27½	+⅝
Cons Freightways	13	....
Cons Nat Gas	39⅛xd	+⅛
Cons Paper	34½	+½
Cons Rail	71¼	+¼
Continental Air	0.56	+0.06
Contl Bank Corp	8¾xd	+⅛

December 20	US$	+ or –
Intl Multifoods	25⅝xd	–⅛
Intl Paper	63¼	+½
Interpublic	50	–⅝
InterTAN	20	–⅛
James River Va	18⅛xd	+⅜
Jefferson Pilot	58xd	+⅝
Johnson Controls	33	+½
Johnson & Johnson	108⅝	+2
K Mart	42½	+1½

December 20	US$	+ or –
Petrie Stores	19¼	+¼
Pfizer	74⅛	+⅞
Phelps Dodge	60⅜	+⅛
Philadel Elec	24¾	+¼
Philip Morris	73¼xd	+⅜
Phillips Pet	22½	+½
Phillips–Van Hsn	14¾	–¼
Pic'n'Save	19¼	–1⅛
Pinnacle West Cap	16⅞	+¼
Pioneer Hi Bred	65¼xd	–1⅛
Pitney Bowes	58½	+½
Pittston	15¾	–¼
Polaroid	24⅝	–⅛

December 20	US$	+ or –
US Trust	43	+¼
US West	35¾xd	+⅞
United Technology	47¼	+⅜
United Telecomms	22¾	+1
Unocal Corp	21¾xd	–½
Upjohn	39⅛xd	+⅛
VF Corp	38⅛	+⅝
Valero Energy	30⅛	+⅝
Varian Associates	32xd	+½

CANADA (3:00 pm)

December 20	Can. $	+ or –
Teck Corp B	18½xd	+⅛
Thomson Corp	15⅛	+⅛
Toronto Dom Bk	17½xd	–⅛
Total Pet N Am	12⅞	....
Transalta	13¼	....
Trans Can Pipe	17½	+⅛
Trimac	8½	....
Trizec A	9⅞	+⅜
United Dominion	9¾	–⅛
Westcoast Energy	19⅞	+¼
Weston (George)	35¾	–½

INDICES

NEW YORK

DOW JONES	Dec 19	Dec 18	Dec 17	Dec 16	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	2914.36	2908.09	2902.28	2919.05	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.99	97.92	98.00	97.90	98.00 (17/12)	91.30 (16/1)	98.00 (17/12/91)	54.99 (1/10/81)
Transport	1200.49	1208.52	1206.46	1220.48	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.76	214.38	214.20	215.07	221.64 (2/12)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 2927.10 (2921.29) Low 2881.48 (2870.30)

STANDARD AND POOR'S	Dec 19	Dec 18	Dec 17	Dec 16	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	382.52	383.48	382.74	384.46	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	451.55	452.98	451.95	453.55	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	30.26	30.34	30.42	30.71	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	210.91	211.44	211.21	212.08	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	366.60	368.72	369.81	370.45	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	534.53	539.84	539.70	543.73	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Dec 13	Dec 6	Nov 29	year ago (approx.)
Dow Industrial Div. Yield	3.14	3.17	3.15	3.97

	Dec 18	Dec 11	Dec 4	year ago (approx.)
S & P Industrial div. yield	2.78	3.22	2.80	3.32
S & P Indl. P/E ratio	23.24	21.05	22.98	15.88

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Advanced Micro	3,963,700	16¾	+ 1¼
Best Buy	3,306,300	13⅞	- 7½
RJR Nabisco	3,147,700	9¼	- ¼
Pepsico	2,498,800	32⅝	+ ⅝
Gen Motors	2,359,300	26⅞	- ⅜
Am T&T	2,033,000	38¼	....
IBM	1,902,800	84⅞	- 1¼
USX-Marathon	1,739,800	21¼	- ¼
Limited	1,728,400	25	- 2¼
West Elect	1,687,900	14¼	....

TRADING ACTIVITY

† Volume (Millions)	Dec 19	Dec 18	Dec 17
New York SE	199.830	192.350	191.288
Amex	16.615	13.929	16.253
NASDAQ	174.579	176.781	191.123
NYSE			
Issues Traded	2,169	2,187	2,189
Rises	684	747	571
Falls	1,001	894	1,150
Unchanged	484	546	468
New Highs	53	40	64
New Lows	72	57	58

CANADA

TORONTO	Dec 19	Dec 18	Dec 17	Dec 16	1991 HIGH	1991 LOW
Metals & Minerals	2715.90	2720.06	2689.56	2724.79	3299.99 (18/7)	2632.06 (9/1)
Composite	3326.10	3332.62	3325.08	3346.16	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1761.55	1769.31	1763.49	1777.45	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec 20	Dec 19	Dec 18	Dec 17	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1573.5	1581.4	1578.5	1599.8	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	625.4	627.6	627.2	638.7	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	380.04	383.92	386.49	385.99	534.81 (16/4)	379.16 (12/12)
BELGIUM						
BEL20 (1/1/91)	1072.90	1069.88	1072.59	1076.05	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	348.01	350.21	350.51	348.71	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	774.1	769.6	768.5	768.9	1186.9 (8/4)	768.5 (18/12)
FRANCE						
CAC General (31/12/82)	457.37	464.13	465.80	465.02	503.51 (15/11)	394.88 (15/1)
CAC 40 (31/12/87)	1648.50	1684.19	1706.17	1711.73	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	629.37	636.11	638.79	633.34	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1774.2	1793.3	1801.7	1786.1	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1543.19	1561.77	1573.75	1560.93	1715.80 (1/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4142.61	4182.81	4177.67	4185.03	4271.34 (15/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1354.84	1367.98	1378.13	1386.81	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	491.15	496.16	503.75	505.33	619.38 (3/6)	482.89 (10/12)
JAPAN						
Nikkei (16/5/49)	21777.12	21991.19	22629.90	22736.29	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1648.16	1668.26	1704.01	1718.78	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2444.93	2475.60	2494.93	2513.72	3423.45 (10/5)	2444.93 (20/12)
MALAYSIA						
KLSE Composite (4/4/86)	540.64	541.13	540.61	543.30	635.02 (29/5)	478.41 (16/1)
NETHERLANDS						
CBS TU.Rtn.Gen.(End 1983)	267.5	270.5	272.5	273.0	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	187.9	190.0	191.4	191.7	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	637.04	640.32	650.43	655.03	793.53 (26/8)	595.77 (2/12)
PHILIPPINES						
Manila Comp (2/1/85)	1119.73	1114.43	1114.58	1111.31	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	390.54	391.48	392.80	395.78	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1160.0	1175.0	1186.0	1198.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4105.0	4142.0	4133.0	4136.0	4364.0 (13/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	612.25	607.39	607.69	623.40	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	230.86	231.82	234.95	236.67	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	873.7	878.5	891.9	892.9	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	712.1	713.6	718.1	719.2	769.3 (14/11)	590.4 (14/1)
SBC General (1/4/87)	575.4	577.9	582.9	583.8	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4448.04	4466.57	4457.62	4400.30	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	686.83	690.29	697.00	694.12	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	500.7*	500.4	505.0	506.7	529.2 (17/4)	439.1 (16/1)

**Saturday December 14: Taiwan Weighted Price 4399.61; Korea Comp Ex. 639.72.
ϕ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

هكذا من الأصل

WORLD STOCK MARKETS

AMERICA

Dow rise curtailed after relief on Fed move

Wall Street

AN UNEXPECTEDLY large cut in the discount rate by the Federal Reserve gave a fillip to share prices yesterday morning in an exceptionally busy trading session, *writes Patrick Harverson in New York.*

By 1pm the Dow Jones Industrial Average was up 10.95 at 2,925.31, but below its morning highs around 2,940. The more broadly based Standard & Poor's 500 was also up at midsession, rising 3.17 to 385.69, while the Nasdaq composite of over-the-counter stocks rose 1.71 to 536.24.

Turnover on the New York Stock Exchange was extremely heavy, *as it always is at "triple witching"*, when stock-index futures contracts, stock-index options and options on individual stocks all expire on the same day. By 1pm, 200m shares had changed hands. The amount of business conducted *was also boosted* by tax-related selling, usually seen in the last few trading days of the year.

Although an easing of monetary policy had been expected, a one, rather than ½, percentage *point cut in the discount* rate to 3.5 per cent had not. The reduction took the rate to its lowest level since 1964, and underlined how serious the Fed is about getting the stalled economy moving again.

Although the market welcomed the rate cut, behind the relief felt by investors lay deeper worries about the economy's prospects for 1992. The fear that the recession, or at least very sluggish growth, could linger for most of next year has made investors cautious about buying equities.

Among individual stocks, Eastman Kodak fell $⅝ to $44¼ in active trading, after the company said that it would swallow a $495m charge in the fourth quarter and that 6,700 workers would be taking early *retirement.*

Tyco Toys eased $¼ to $30⅝ after settling two shareholders' suits for just under $1m. It said that the settlements would not have an impact on its fourth quarter earnings.

The ADRs of British Petroleum slumped $2½ to $62½ on reports that several sector analysts have cut their earnings forecasts for the UK oil producer in anticipation of lower oil prices next year.

Citicorp was the most actively traded stock of the day, easing $⅛ to $48⅛ in volume of 3m shares. Bank stocks normally do well when interest rates are cut, but concern about Citicorp's loan portfolio and the effect of its recent restructurings on long-term business prospects have held *the stock back.*

Other bank stocks were mostly firmer, with Chase *Manhattan up $¾ at $15¾.* BankAmerica rising $1 to $43⅝, Chemical $⅝ higher at $20⅛ and Security Pacific up $1¼ at $26⅝.

General Motors ended a difficult week in positive form, rising $⅝ to $27¼, aided by hopes that lower interest rates might spur consumers into buying new cars. Ford was also firmer, up $⅝ at $24¾, while Chrysler held steady at $10.

Canada

TORONTO held its opening gains on the US Federal Reserve's easing, the composite index rising 18.7 to 3,344.8 by midday. Advances led *declines by 268 to 178 in vol*ume of 21.5m shares valued at C$224.2m.

Among active stocks, Laidlaw class B rose C$¼ to C$9⅝, Toronto TIPs firmed 15 cents to C$18.85, Alcan gained C$¼ to C$21¼ and Royal Oak Mines was flat at C$1.60.

Northern Telecom rose C$⅝ to C$49⅝, bouncing back from a recent bout of profit-taking.

EUROPE

France suffers in interest rate aftermath

STRATEGISTS flexed their muscles yesterday after the German interest rate increases, *writes Our Markets Staff.*

Mr Bert Jansen of Paribas Capital Markets saw short-term safety in strong-currency countries like Germany and the Netherlands, where Paribas raised its asset allocation *targets from 16 to 18, and from* 7 to 9 per cent respectively; France came out worst with a fall from 16 to 13 per cent.

FT-SE Eurotrack 100 - Dec 20

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1035.27	1034.36	1033.40	1033.82	1033.62	1034.29	1033.91†	1032.92

Day's High 1037.21 Day's Low 1032.78

Dec 19	Dec 18	Dec 17	Dec 16	Dec 13
1043.04	1055.55	1056.74	1051.15	1051.10

Base value 1000 (26/10/90) † Indicative

PARIS fell sharply yesterday on growing expectations that domestic interest rates will be raised on Monday. The franc fell to 3.4200 against the D-Mark, the level that is expec*ted to trigger a rate rise.* The CAC 40 index sank to a low of 1,630.73, before closing 35.69 or 2.1 per cent down *at* 1,648.50, a loss on the week of 2.4 per cent. Turnover remained moderate at about FFr2.6bn.

News of the cut in US interest rates lifted share prices off their lows in afternoon trading, but the optimism faded and the CAC 40 fell back to its day's lows, before recouping a few *points on institutional buying* in the last few minutes.

Among the losers, LVMH dropped FFr187 or 4.6 per cent to FFr3,863, after general comments on disappointing champagne and Cognac sales in the run-up to Christmas.

Canal Plus shed FFr16 to FFr928 in the day's biggest turnover of FFr227m. L'Oréal was believed to be selling part of its 6 per cent stake in the television station; the bourse said that one block of 169,000 shares was traded after the market closed on Thursday and another of 128,000 shares yesterday. Havas, the media group, which has been linked with Canal Plus in merger *speculation, dropped FFr21 or 5* per cent to FFr397.

Financials continued to plunge. Suez dropped FFr12.90 to FFr257 and Paribas fell FFr11 to a year's low of FFr278. Accor, the hotels group embroiled in a troubled takeover bid for Wagons-Lits of Belgium, shed FFr23 to FFr585, *also a year's low.*

FRANKFURT saw the customary "spike" in German market turnover, which climbed from DM4.3bn to DM7.9bn as DTB futures and options contracts expired. The other effect, said analysts, was volatility, as the DAX index fell 18.58 to 1,543.19 after a drop of 6.74 to 629.37 in the FAZ at midsession. Declines on the week were 1.0 and 0.7 per cent, respectively.

Mr James Cornish, a County NatWest strategist, said that the removal of the interest rate cloud from the equity market might now allow it to reflect the strengths of the German economy: consumption growth *has been strong, yet savings* rates, at 15.4 per cent of personal income, are just short of their 15.6 per cent high in 1980.

Hoesch, the steel and engineering group, fell DM10.50 to DM254 following news that Krupp had raised its stake from 24.9 to 51 per cent, and Continental, the tyremaker, *dropped DM11.50 to DM205 on* a restrained profits forecast for 1992.

AMSTERDAM was depressed by the global interest rate movements, finishing at its day's low. The CBS Tendency index lost 0.6 to 86.6, for a fall on the week of 1.6 per cent.

The cut in US rates weakened the dollar, harming the outlook for Dutch exporters, while Thursday's rate rise in the Netherlands reduced hopes of an improvement in the domestic economy. The expiry of options contracts added to the selling pressure.

International stocks were worst hit. Unilever fell Fl 2.80 *to Fl 169.20* and Royal Dutch lost Fl 2.60 to Fl 140.

MILAN ran into financial problems at a Turin brokerage house, and the Comit index fell 5.01 to 491.15, which left it fractionally lower on the week. Brokers said that the lira's weakening against the D-Mark contributed to the downturn.

Industrial blue chips continued to suffer, with Fiat down by 3.5 per cent, Montedison by *3.8 per cent and Olivetti by 4.5* per cent.

MADRID moved higher for the first time this week, encouraged by news of the US rate cut and a firm opening on Wall Street. The general index rose 0.90 to 232.72, but fell 3.1 per cent on the week.

Turnover was about Pta13bn, *down from Pta19bn. End-of-*year adjustments enlivened trading, with volume in Iberdrola I reaching 2.8m shares as the price added Pta1 to Pta690.

BRUSSELS also rose, lifted by Petrofina, the oil stock, which accounted for a quarter of total volume. The Bel20 index gained 3.02 to 1,072.90, down 0.8 per cent on the week, in turnover of BFr872m.

Petrofina gained BFr50 to BFr10,550 with 20,600 shares exchanged. Gechem, the polyurethane foam producer, and Belcofi, the holding company, were both suspended, pending statements. The former announced that it had made a *BFr1.5bn loss, given up control* of Foamex, its US subsidiary, and had plans for a BFr3bn capital raising; the latter said that eight members of the board had resigned.

ZURICH saw weakness in banks as the Crédit Suisse index fell 3.3 to 437.0. UBS bearers fell SFr70 to SFr3,460 *and topped the active list.* CS Holding lost SFr20 to SFr1,670 and SBC SFr5 to SFr271.

STOCKHOLM ended 3.7 per cent down on the week as the Affärsvärlden General index closed 4.8 lower at 873.7. Ericsson Bs reversed their recent slide, rising SKr4 to SKr93.

Shipping shares were the worst performer on the day with a 4.5 per cent slide. Meanwhile, OSLO's shipping index *fell 12.88 to 464.64 as the all-*share dropped 4.50 to 394.76, 5.7 per cent down on the week.

VIENNA fell to a year's low, as the ATX index shed 12.60 to 906.15, a loss of 0.8 per cent on the week.

ISTANBUL's 75-share index rose 94.52 to 4,108.33, a gain on the week of 3 per cent.

US investors and traders look back in weariness

Patrick Harverson reviews a tough year for equities

EXCITING AS 1991 was for journalists and other news addicts, it was a tough year for investors and traders. The last 12 months have had almost everything: war, recession, recovery, scan*dal*, a record high, a mini-crash and, finally, recession again.

It would be no surprise, *therefore, if investors every*where on New Year's Eve raise their glasses in hope of a quiet year to come – no war, recession or rollercoaster rides, please, just solid gains on a steady upward curve.

Back at the beginning, 1991 started with a bang. The night of January 16 saw the opening *of the air war in the Gulf and* the next day the Dow celebrated with a patriotic, 114-point gain.

A combination of relief that the Gulf conflict looked like being short and successful, growing confidence that the recession would be over by the summer, expectations of lower *interest rates, and a surplus of* cash among investors fuelled one of the best quarters for the stock market in a long time.

Over the first three months of the year, the Dow Jones Industrial Average advanced 11 per cent, the Standard & Poor's 500 index rose 14 per cent, and the Nasdaq composite of sec*ondary stocks, powered by* demand for biotechnology issues, jumped 29 per cent.

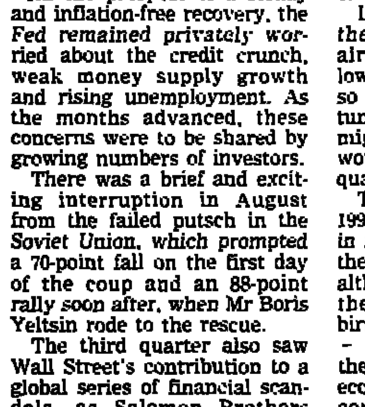
In the second quarter, however, the market came back down to earth and all the major indices posted slight declines between April and June. The warm glow from the success of the US-led coalition *forces in the Gulf war had dis*sipated by the end of April. The growth of new money invested in stocks had slowed, and hopes of a quick end to the recession were dented by statistics showing a still-sluggish economy.

The Federal Reserve's fear of inflation, meanwhile, meant *that interest rate cuts were* restricted to a single reduction in late April. Against this background, investors did not sell so much as just not buy.

The quarter did see the Dow break through the 3,000 barrier, for the first time on April 17 and again on at the end of May, but the index then struggled to maintain its gains as company after company announced sharply lower first-quarter profits, with many warning of worse to come. IBM, the bellwether stock, was a case in point. It followed a profits warning at the end of the first quarter with another in mid-June. By the close of *the period, IBM's shares had* fallen by 14 per cent.

In the third quarter, the market fared relatively well, in spite of continued poor corporate profits. Over the period the Dow gained just under 4 per cent and the S&P 500 rose 5 per cent. The secondary mar*ket again had the best record,* with the Nasdaq composite climbing 11 per cent on heavy demand for computer, biotechnology and healthcare stocks.

FT-A World Indices
in local terms rebased



Source: Datastream

As for the economy, although the policy-makers publicly expressed satisfaction with the prospect of a steady and inflation-free recovery, the *Fed remained privately wor*ried about the credit crunch, weak money supply growth and rising unemployment. As the months advanced, these concerns were to be shared by growing numbers of investors.

There was a brief and exciting interruption in August from the failed putsch in the Soviet Union, which prompted a 70-point fall on the first day of the coup and an 88-point *rally soon after,* when Mr Boris Yeltsin rode to the rescue.

The third quarter also saw Wall Street's contribution to a global series of financial scandals, as Salomon Brothers owned up to breaking Treasury rules and faking customer bids in the US government bond market.

The scariest ride, however, was saved for last three months of the year. All was fine at first, as steady inflows of mutual fund money pushed the Dow past 3,050. Then along came November, and Friday *the 15th. Within six trading* days the Dow had given up 160 points, or more than 5 per cent of its value. Losses on the over-the-counter market were even more severe as the biotech bubble burst with a vengeance.

The reasons for the sell-off were varied, but could be boiled down to a few simple truths. The economic recovery had stalled and recession returned (a point recognised by the White House on December 17). The short-term outlook for corporate profits remained distressing, and the likes of IBM, General Motors and TRW were planning to reduce their workforces by in tens of thousands.

*By the final week of Decem*ber, some lost ground had been clawed back, but with little conviction. As the year draws to a close, the outlook for the economy, corporate earnings and the equity market remain shrouded in doubt and uncertainty. The economy is expected to bump along the bottom *for several more months, held* back by consumers reluctant to spend and keen only on debt reduction. As for the far-reaching restructurings undertaken by corporate America, they will eventually bear dividends, but probably not until the second half of 1992.

Interest rates may have fur*ther to fall, but they are* already at 20-year historic lows, and the Fed can only do so much with monetary fine-tuning. A tax-cutting package might help, but the benefits would not be seen for several quarters.

The market thus approaches 1992 as it entered 1991: mired *in recession. At least this time* there is no war to worry about, although the disintegration of the Soviet Union has given birth to a host of new worries – from debt service, through the effect on western European economies to nuclear weapons control – which may give investors occasional pause.

ASIA PACIFIC

Pre-holiday selling pulls Nikkei lower

Tokyo

SHARE PRICES declined for the fourth consecutive day yesterday after early morning gains on futures-related selling and liquidation of positions ahead of Monday's holiday, *writes Emiko Terazono in Tokyo.*

The Nikkei average fell 214.07 to 21,777.13, for a loss on the week of 4.3 per cent. The index had climbed through 22,000 level yesterday morning, *hitting the day's high of* 22,200.96, but it receded to a low of 21,768.01 in the afternoon.

Volume rose from 200m shares to 220m. Trading by dealers and light selling by corporations were noted. Declines led advances by 742 to 207 with 176 unchanged, the Topix index of all first section stocks fell 20.10 to 1,648.16 but, in London, the ISE/Nikkei 50 index rose 14.43 to 1,242.44.

Overnight strength on Wall Street and small-lot bargain-hunting by institutions supported early trading, but companies and foreigners sold *banking shares and blue chips.* Low volume is expected to per*sist for the rest of the year, and* some dealers fear that bearish sentiment in thin trading could take the Nikkei below 21,000.

NTT, the telecommunications group, fell Y9,000 to Y721,000 after a brief sojourn at its all-time low of Y720,000. Selling came from companies liquidating trust funds, and trust banks trying to raise cash for investment trust redemptions.

Nippon Carbon, a speculative stock, plunged Y400 to Y2,590 as authorities lifted the *margin selling restriction on* the stock. Other speculative stocks were also sold, with Toyo Ink, the most active issue of the day, falling Y45 to Y913.

Banking shares were weaker on foreign selling. Sumitomo Bank fell Y60 to Y1,980 and Fuji Bank Y50 to Y2,330.

Kyocera, the ceramic package maker, lost Y100 to Y3,950, falling below Y4,000 for the first time in four years as financial institutions were seen liquidating holdings.

In Osaka, the OSE average *lost 199.44 to 23,679.42 in vol*ume of 99.3m shares, up from 60m on window dressing by *pension funds and corpora*tions.

*The OSE launched five over*seas country funds yesterday. The funds will be the first to be listed in Japan and, in spite of the current sluggishness in the market, the Korean, Spain, German, Singapore and Thai funds saw heavy demand from investors.

Roundup

PACIFIC RIM markets mostly moved *lower yesterday,* on bad corporate news in the case of Australia and on end-of-year *lethargy elsewhere.*

AUSTRALIA was dragged lower by BHP, which lost 18 cents to A$13.02. The resources and steel group announced a 51 per cent fall in interim profits and gave a pessimistic forecast. The All Ordinaries lost 7.9 to 1,573.5 – a fall on the week of 1.5 per cent – in spite of a cut by the National Australia Bank in the prime lending rate. Turnover was boosted by options-related *activity* to A$315m from A$304m.

SA Brewing plunged 37 *cents, or 11.1 per cent, to* A$2.97 after it lost the rights to produce aluminium cans for Carlton and United Breweries.

HONG KONG slipped in *afternoon trading.* The Hang Seng index shed 40.20 to 4,142.61, to end the week slightly lower, in turnover of HK$1.29bn, up from HK$1.21bn.

SINGAPORE finished above its day's low, the Straits Times Industrial index losing 4.81 to 1,426.83, a fall on the week of 1 per cent. Volume eased to 17m shares from 20m. A cut in the prime rate came after the market closed. **TAIWAN** declined *as hopes of a rally after today's* election faded. The weighted index dropped 18.53 to 4,448.04, *a gain on the week of 0.7 per* cent, as turnover fell to T$19.5bn from T$22.1bn.

SEOUL had a technical rebound. The composite index added 4.86 to 612.25, but finished the week 6.3 per cent lower. Turnover picked up to Won213bn from Won193bn.

SOUTH AFRICA

JOHANNESBURG declined throughout the day, distracted by the first day of landmark *democracy talks in South* Africa. The JSE all-gold index fell 15 to 1,160, the industrial index by 37 to 4,105 and the overall index by 28 to 3,410.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 19 1991								WEDNESDAY DECEMBER 18 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	147.12	+0.1	118.96	119.31	119.24	126.54	+0.1	4.62	146.93	119.36	119.30	120.16	126.38	160.31	112.74	118.28
Austria (20)	164.79	+0.1	133.25	133.65	133.57	133.76	-0.4	2.16	164.62	133.73	133.67	134.63	134.35	222.37	153.86	200.21
Belgium (47)	137.97	+1.1	111.57	111.89	111.83	109.05	+0.2	5.43	136.43	110.83	110.77	111.57	108.84	151.20	118.04	133.03
Canada (115)	129.56	-0.8	104.76	105.07	105.00	108.26	-0.2	3.39	130.62	106.12	106.06	106.82	108.49	144.28	126.49	129.80
Denmark (37)	259.07	-0.3	209.49	210.11	209.98	213.70	-1.0	1.67	259.80	211.06	210.95	212.46	215.90	270.56	217.74	236.63
Finland (15)	73.78	-0.9	59.66	59.84	59.80	65.50	-1.4	3.72	74.42	60.46	60.43	60.86	66.42	125.15	73.32	103.66
France (109)	140.01	-0.2	113.22	113.55	113.48	117.12	-1.0	3.76	140.29	113.97	113.91	114.72	118.34	152.26	119.11	133.95
Germany (65)	113.24	+0.5	91.57	91.85	91.78	91.78	-0.4	2.51	112.72	91.57	91.53	92.18	92.18	125.35	94.15	113.35
Hong Kong (55)	171.92	+0.0	139.02	139.43	139.35	171.57	+0.0	4.33	172.00	139.73	139.66	140.67	171.65	176.14	119.62	123.91
Ireland (16)	161.59	-0.9	130.67	131.05	130.97	133.12	-1.8	3.77	163.07	132.47	132.41	133.36	135.52	182.46	132.88	149.63
Italy (77)	71.24	-1.3	57.61	57.77	57.74	62.87	-1.8	3.69	72.15	58.62	58.58	59.00	64.02	88.23	64.76	78.36
Japan (474)	127.90	-2.1	103.43	103.73	103.68	103.73	-2.2	0.82	130.60	106.10	106.04	106.82	106.04	146.97	118.23	129.73
Malaysia (68)	206.52	-0.2	166.99	167.48	167.38	217.97	-0.3	2.85	206.87	168.05	167.96	169.17	218.54	247.78	189.18	206.01
Mexico (17)	1289.76	-0.8	1042.91	1046.00	1045.37	4286.27	-0.8	1.19	1300.03	1056.11	1055.56	1063.16	4322.42	1404.63	534.45	590.92
Netherland (31)	147.46	+0.1	119.24	119.59	119.52	118.25	-0.8	4.57	147.27	119.64	119.58	120.44	119.18	148.25	125.70	132.52
New Zealand (14)	45.51	+2.9	36.80	36.91	36.89	43.78	+2.4	6.28	44.23	35.93	35.92	36.17	42.75	54.64	41.18	43.43
Norway (30)	170.06	-1.9	137.50	137.91	137.83	141.66	-2.4	1.82	173.30	140.79	140.71	141.73	145.13	223.24	157.08	201.65
Singapore (38)	207.62	-0.5	167.89	168.38	168.28	157.22	-0.7	2.23	208.70	169.55	169.46	170.68	158.40	213.93	151.63	159.21
South Africa (61)	243.81	-0.2	197.15	197.72	197.61	173.31	-0.2	2.84	244.39	198.53	198.43	199.85	173.72	271.98	173.00	183.93
Spain (53)	144.05	-0.6	116.48	116.83	116.75	108.36	-1.3	5.10	144.94	117.75	117.69	118.53	109.81	171.12	131.51	142.41
Sweden (25)	166.20	-1.9	134.39	134.79	134.71	140.18	-2.4	3.18	169.41	137.62	137.55	138.54	143.64	204.12	146.60	158.24
Switzerland (59)	95.44	+0.0	77.17	77.40	77.36	81.83	-0.6	2.44	95.45	77.54	77.50	78.07	82.49	100.67	82.17	87.68
United Kingdom (236)	174.63	-0.5	141.21	141.61	141.53	141.21	-0.9	5.28	175.48	142.56	142.47	143.49	142.56	187.44	156.27	164.62
USA (525)	155.79	-0.2	125.97	126.35	126.28	155.79	-0.2	3.13	156.18	126.87	126.81	127.73	156.18	161.59	125.95	133.44
Europe (822)	139.73	-0.3	112.99	113.32	113.26	113.83	-0.9	4.29	140.10	113.82	113.76	114.58	114.89	151.52	125.50	134.65
Nordic (107)	173.98	-1.1	140.68	141.10	141.01	139.95	-1.7	2.31	175.90	142.89	142.82	143.85	142.39	200.81	155.55	168.16
Pacific Basin (718)	129.54	-1.8	104.75	105.06	104.99	106.20	-2.0	1.17	131.98	107.22	107.16	107.93	108.32	145.92	117.86	128.75
Euro-Pacific (1540)	133.92	-1.2	108.29	108.60	108.54	109.99	-1.5	2.44	135.54	110.11	110.05	110.84	111.70	147.66	121.29	131.50
North America (640)	154.11	-0.3	124.61	125.00	124.93	152.56	-0.2	3.14	154.53	125.54	125.49	126.40	152.93	160.44	125.91	133.13
Europe Ex. UK (586)	118.76	-0.1	96.03	96.33	96.26	98.05	-0.9	3.46	118.89	96.58	96.55	97.25	98.95	129.80	103.58	116.25
Pacific Ex. Japan (244)	145.66	+0.1	117.78	118.15	118.07	129.85	+0.0	4.18	145.52	118.22	118.17	119.02	129.79	153.19	111.40	116.47
World Ex. US (1733)	135.65	-1.2	109.69	110.02	109.96	111.64	-1.5	2.47	137.25	111.50	111.45	112.25	113.30	148.16	122.32	132.22
World Ex. UK (2022)	138.27	-0.9	111.80	112.14	112.08	123.75	-1.0	2.42	139.47	113.30	113.25	114.07	125.03	146.16	120.06	128.37
World Ex. So. Af. (2197)	140.76	-0.8	113.82	114.17	114.10	125.00	-1.0	2.71	141.94	115.31	115.26	116.09	126.29	148.66	122.92	131.27
World Ex. Japan (1784)	149.93	-0.3	121.23	121.60	121.54	137.50	-0.5	3.56	150.31	122.11	122.06	122.95	138.16	155.59	126.69	133.86
The World Index (2258)	141.43	-0.8	114.36	114.71	114.64	125.43	-1.0	2.71	142.61	115.85	115.79	116.63	126.71	149.37	123.28	131.59

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Constituent change with effect 23/12/91: Deletion: Ultramar (UK). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
12¾pc 1992‡‡		100⅛xd	-1/16	101½	100⅛	12.73	10.56
10pc 1992		99 13/16	—	100 [illegible]	97 [illegible]	10.02	10.55
2pc IL 1992‡‡		134 [illegible]	-1/16	134 [illegible]	125 [illegible]	2.03	8.72
8pc 1992 ‡‡		99 [illegible]	-1/16	99 [illegible]	95 [illegible]	8.07	10.43
10½pc Cv 1992‡‡		100	-1/16	100 [illegible]	98½	10.50	10.49
3pc 1992		97 11/16	—	97 [illegible]	91 [illegible]	3.07	7.97
Exch 12¼pc 1992		101 [illegible]	[illegible]	102 [illegible]	100⅝	12.12	10.42
13½pc 1992		102⅛	[illegible]	104⅛	102⅛	13.22	10.37
Treas 8¼pc 1993		98 [illegible]	[illegible]	98½	94	8.42	9.99
10pc 1993‡‡		100	[illegible]	100¼	97 [illegible]	10.00	9.96
12½pc 1993‡‡		103 [illegible]xd	[illegible]	104¾	102 [illegible]	12.07	10.02
Funding 6pc 1993‡‡		95⅛	—	95⅞	89⅝	6.29	8.88
Treas 13¾pc 1993‡‡		106 [illegible]xd	-¼	108 [illegible]	105⅝	12.93	10.05
8½pc 1994		97 [illegible]	[illegible]	97⅞	92 [illegible]	8.73	9.87
14½pc 1994‡‡		108 [illegible]	[illegible]	111⅛	108 [illegible]	13.38	10.03
Exch 13½pc 1994		107 [illegible]	[illegible]	109	105 [illegible]	12.61	10.01
Treas. 10pc Ln. 1994‡‡		100 [illegible]	[illegible]	101 [illegible]	98 [illegible]	9.98	9.90
Exch 12½pc 1994		105 [illegible]	[illegible]	107⅛	103⅞	11.84	10.02
Treas 9pc 1994‡‡		97⅞	[illegible]	98 [illegible]	93⅛	9.20	9.84
12pc 1995		105 [illegible]xd	[illegible]	106 [illegible]	102 [illegible]	11.40	9.98
Exch 3pc Gas 90-95		88½	—	89	82¼	3.39	8.86
10¼pc 1995		101xd	[illegible]	102 [illegible]	98 [illegible]	10.15	9.92
Treas 12¾pc 1995‡‡		108 [illegible]	[illegible]	110 [illegible]	105⅞	11.72	9.95
14pc 1996		112 [illegible]xd	[illegible]	114 [illegible]	109 [illegible]	12.45	10.18
9pc 1992-96‡‡		98 [illegible]	[illegible]	98⅝	92 [illegible]	9.16	9.49
15¼pc 1996‡‡		117⅝	[illegible]	119 [illegible]	115 [illegible]	12.96	10.14
Exch 13¼pc 1996‡‡		111	[illegible]	112 [illegible]	108	11.94	10.08
Conversion 10pc 1996		100½	[illegible]	101 [illegible]	95 [illegible]	9.96	9.82
Five to Fifteen Years							
Treas 13¼pc 1997‡‡		112½xd	[illegible]	114 [illegible]	108 [illegible]	11.78	10.05
Exch 10½pc 1997		102½	[illegible]	103 [illegible]	97¼	10.24	9.85
Treas 8¾pc 1997‡‡		95⅝	-¼	96 [illegible]	89 [illegible]	9.15	9.76
Exch 15pc 1997		121⅛	[illegible]	123 [illegible]	117	12.38	10.11
9¾pc 1998		99¾xd	-¼	100 [illegible]	93 [illegible]	9.77	9.80
Treas 6¾pc 1995-98‡‡		88⅛	-⅛	88 [illegible]	80⅝	7.66	9.26
15½pc '98‡‡		126¾	[illegible]	128⅞	121¾	12.23	9.98

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Exch 12pc 1998		110½	-¼	111 [illegible]	104⅛	10.86	9.87
Treas 9½pc 1999‡‡		99½xd	-¼	100 [illegible]	92 [illegible]	9.55	9.61
Exch 12¼pc 1999		112 [illegible]	[illegible]	113⅝	105 [illegible]	10.92	9.87
Treas 10½pc 1999		103⅞	[illegible]	104 [illegible]	97 [illegible]	10.11	9.77
Conversion 10¼pc 1999		102¾	[illegible]	103⅝	95 [illegible]	9.98	9.76
9pc 2000‡‡		98 [illegible]	[illegible]	97 [illegible]	89 [illegible]	9.30	9.58
Treas 13pc 2000		117⅝xd	-⅛	118 [illegible]	110½	11.05	9.92
10pc 2001		102⅛	-⅛	103 [illegible]	94 [illegible]	9.79	9.64
14pc '98-01		118 [illegible]	[illegible]	119 [illegible]	113 [illegible]	11.83	10.05
9¾pc 2002		101 [illegible]	-⅛	101 [illegible]	92 [illegible]	9.65	9.59
10pc 2003		102 [illegible]	-⅛	104 [illegible]	94 [illegible]	9.71	9.58
Treas 11½pc 2001-04		109 [illegible]xd	-⅛	111	102	10.46	9.84
Funding 3½pc '99-04		61 [illegible]xd	[illegible]	62⅝	53 [illegible]	5.70	8.59
Conversion 9½pc 2004		99⅝	-⅛	100 [illegible]	90 [illegible]	9.54	9.55
9½pc 2004 A		99⅝	-⅛	100 [illegible]	96 [illegible]	9.54	9.55
9½pc 2005		99 [illegible]	[illegible]	100 [illegible]	90 [illegible]	9.58	9.53
Treas 12½pc 2003-05		120⅛	[illegible]	121 [illegible]	111	10.38	9.60
8pc 2002-06‡‡		88	[illegible]	88 [illegible]	79 [illegible]	9.09	9.52
Over Fifteen Years							
Treas 11¾pc 2003-07		114 [illegible]xd	-⅛	115 [illegible]	105 [illegible]	10.27	9.81
8½pc 2007 ‡‡		92 [illegible]xd	[illegible]	93 [illegible]	84 [illegible]	9.20	9.43
8½pc 2007 A●		19 [illegible]	[illegible]	20½	19¼	9.17	9.43
13½pc '04-08		127¾	[illegible]	129⅝	118 [illegible]	10.57	9.40
9pc 2008 ‡‡		96⅝	[illegible]	98	88 [illegible]	9.31	9.40
8pc 2009		88 [illegible]	[illegible]	89 [illegible]	80	9.08	9.39
Conv 9pc Ln 2011 ‡‡		96⅝	[illegible]	97 [illegible]	88 [illegible]	9.31	9.38
9pc 2011 A		95⅝xd	—	98 [illegible]	91 [illegible]	9.51	9.38
9pc 2011 B		35 [illegible]	—	37 [illegible]	33 [illegible]	9.28	9.38
Treas 5½pc 2008-12‡‡		65	[illegible]	66	58 [illegible]	8.48	9.35
7¾pc 2012-15‡‡		84½xd	+⅛	85 [illegible]	76 [illegible]	9.17	9.41
Exch 12pc '13-'17		123¼	—	125¼	113 [illegible]	9.76	9.42
Undated							
Consols 4pc		41⅛	[illegible]	41¾	37 [illegible]	9.73	—
War Loan 3½pc‡‡		36⅞	[illegible]	37⅜	33 [illegible]	9.49	—
Conv 3½pc '61 Aft		60 [illegible]	[illegible]	60 [illegible]	57¾	5.81	—
Treas 3pc '66 Aft		30 [illegible]xd	[illegible]	30 [illegible]	28¼	9.89	—
Consols 2½pc		25 [illegible]	[illegible]	26 [illegible]	23⅝	9.69	—
Treas. 2½pc		25 [illegible]	[illegible]	25 [illegible]	23 [illegible]	9.78	—

BRITISH FUNDS - Cont.

Index - Linked	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
	(b)					(1)	(2)
Treas. 2pc '94	(102.9)	122½	[illegible]	123¼	115 [illegible]	2.83	3.96
2pc '96	(67.9)	176¾	[illegible]	177⅞	168 [illegible]	3.58	4.10
2½pc '01	(78.3)	143½	-⅛	145⅜	137 [illegible]	4.04	4.37
2½pc '03	(78.8)	139⅛	-⅛	141 [illegible]	133	4.12	4.40
2pc '06	(69.5)	148⅞xd	-⅛	143 [illegible]	135	4.19	4.41
2½pc '09	(78.8)	128 [illegible]	-⅛	131 [illegible]	124 [illegible]	4.21	4.41
2½pc '11	(74.6)	132½	[illegible]	135 [illegible]	128 [illegible]	4.22	4.41
2½pc '13	(89.2)	108 [illegible]	[illegible]	111 [illegible]	105⅞	4.23	4.40
2½pc '16	(81.6)	115¾xd	-¼	118 [illegible]	113 [illegible]	4.22	4.39
2½pc '20	(83.0)	110 [illegible]xd	-¼	113 [illegible]	109½	4.22	4.37
2½pc '24‡‡	(97.7)	91⅝xd	-⅛	95¼	91⅛	4.22	4.35

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1991: 133.1 and for November 1991: 135.6

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Afrcan Dev 11¼ 2010		105⅝	[illegible]	107⅞	95 [illegible]	10.70	10.30
Asian Dev 10¼pc 2009		*101 [illegible]*	[illegible]	*102⅝*	*91⅞*	*10.32*	*10.05*
B'ham 11½pc 2012		104½	—	105¼	100½	11.38	10.96
Ireland Cap 8½pc '10		96⅜	+⅛	97¼	89½	8.90	—
9pc Cap 1996		98½	+1¼	99	93	9.17	—
13pc '97-02		113½	-¼	115	103½	11.35	—
GLC 6¾pc 1990-92		98 [illegible]	—	99 [illegible]	93 [illegible]	6.82	11.40
Hydro Quebec 15pc 2011		131½	[illegible]	133 [illegible]	120 [illegible]	15.0	11.02
Int-Am Dev 12½pc 2003		115 [illegible]	[illegible]	116 [illegible]	105 [illegible]	11.09	10.19
9¾pc 2015		95 [illegible]	[illegible]	97 [illegible]	86 [illegible]	10.37	10.14
Leeds 13½pc 2006		117½	—	119½	110½	11.89	11.08
Liverpool 3½pc Irred		30¼	—	31	28	11.67	—
LCC 3pc '20 Aft		27¼	—	27½	26	11.11	—
Manchester 11½pc 2007		105	-½	105½	97½	11.27	10.83
Met. Wtr 3pc 'B'		53½	+¼	53½	52	5.77	9.84
N'wde Anglia 3⅞pc 2021		105¼	—	106¼	102	—	5.47
4¼pc IL 2024		105	—	107⅝	104	—	5.32
Sth Rhod 87-92 Asstd		98½	—	98½	84½	4.62	—
Utd Mex States 16½pc 2008		123½	-½	125½	101	13.33	12.89

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	39⅞xd	+⅛	34⅝	20⅞	14,278	1.7
♥Allegheny & W	237p	-1	385p	218p	123.2	7.1
Amdahl	787pxd	-6	18⅛	667p	784.8	0.8
Amer Cyanamid	32¼	+½	42⅛	25⅜	3,807	2.6
Amer Express	9⅞xd	-⅛	17⅞	9⅞	4,645	5.7
Amer T & T	20⅞xd	-⅛	24½	15¾	27,288	3.8
Ameritech	34⅜	+⅛	38⅞	32½	16,050	5.6
BankAmerica	17⅞xd	-⅛	25⅞	12⅞	2,769	4.0
Bankers NY	32⅛xd	-⅛	38⅞	20⅞	2,840	8.5
Bell Atlantic	26xd	-⅛	30½	24¼	10,225	5.4
BellSouth	28½	-⅛	31¾	25	12,853	5.6
♥Bethlehem Steel	6⅞xd	-⅛	11¼	6⅞	481.1	3.6
Bowater	1040p	+6	1620p	1043p	378.4	8.4
CPC	47xd	-⅝	54⅞	37⅞	3,552	2.4
California Engy	702p	—	936p	420p	136.9	—
Campbell Soup	43⅞xd	+⅛	50	28¼	5,404	1.9
Chase Manhattan	8¼	-⅛	12¾	5⅞	1,121	8.4
Chrysler	5⅞xd	—	9⅞	5⅞	1,069	6.2
Citicorp	4⅞xd	-⅛	10⅞	4⅞	1,674	—
Colgate-Palm	24⅞xd	-¼	25⅝	21⅞	3,617	2.4
Cont'l Bank	465p	-6	928p	436p	478.9	7.2
Dana	18⅞xd	-½	21⅝	13⅝	660.9	6.6
Data General	776p	-22	1282p	203p	213.9	—
Dial	22⅝xd	-½	25⅝	12⅞	808.3	3.5
Dun & Brad	27¼	—	29⅝	20¾	4,863	4.5
Eaton	31⅞	-½	40	24¼	1,065	3.9
Echlin	6½xd	-⅛	8½	5½	369.8	6.0
FPL	18⅞xd	-⅛	20⅛	14⅞	3,199	7.1
Fluor	21¼xd	-¼	30⅞	17⅞	1,720	1.1
Ford Motor	13¼xd	-⅛	23¼	13	6,272	4.2
Gen Elect	37⅞xd	-⅛	40⅞	28⅞	32,118	3.1
♥General Host	372p	-9	665p	270p	—	6.4

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1991 high	1991 low	Yld Gr's	NAV	Dis or Pm(-)
■Sphere Inc.		18½	—	30	16	27.9	20.0	7.5
Zero Div Pf		65½	-½	68½	58¼	—	—	—
Warrants		3	—	9½	2¾	—	—	—
Strata		146	—	154	104	1.3	175.1	16.6
Stratton		147	—	160	120	1.7	171.8	14.5
■TR City of Lon		107½	-½	121¼	90	5.7	105.5	-1.9
■TR Euro Growth	s	86	-1	104	78	1.6	92.7	7.2
Ptg Sub	5	54	—	60	40	2.5	—	—
■TR Far East Inc		77	+1	94	56	7.3	88.6	14.3
Warrants		15	—	23	12	—	—	—
TR High Inc	H	102	+1	115	85	7.8	92.3	-9.4
Sub	0	34	—	35	24	5.9	—	—
■TR Pacific		67	—	82	49	0.5	77.3	14.0
■TR Prop		25½xd	-½	37	25½	7.6	34.3	25.6
■TR Smaller		134	-½	155	98	3.7	140.7	4.8
■TR Technology	M	32	—	52	20	7.7	80.0	60.0
Stepped Pf		98	+½	94½	70½	8.2	—	—
Zero Pf		135½	—	160½	117½	—	—	—
■Temple Bar	†	249	-1	278	210	6.4	264.8	6.0
6pc 2002		£114½	—	£114½	£102½	5.2	—	—
Temple Em Mkts	ss	162	-2	179	92	0.8	162.1	-1.1
Warrants		60	—	93	27	—	—	—
7pc Cv 2001		£188½	-2	£187½	£90½	0.6	—	—
■Thornton Asian		58	—	72	55	1.1	66.8	13.1
Warrants		10	—	18	9	—	—	—
Thornton Pan Euro		27	—	31	25	4.3	29.5	8.6
Warrants		5	—	10	5	—	—	—
Throg Dual Inc		99xd	—	109	93	11.8	—	—
Cap		338	-7	388	260	—	622.4	44.6
■Throgmorton		45	-½	64	45	6.4	64.2	29.1
Warrants		13	-½	26	13	—	—	—
Throg USM		101	—	118	61	4.8	122.6	17.6
Warrants		18	—	27	14	—	—	—
Tor Inc		478	—	533	400	11.1	—	—
Cap		628	-15	785	585	0.8	1047.4	39.4
Tribune		225	-1	256	169	3.5	264.8	15.1
Trust of Prop		54	—	77	40	3.4	76.5	29.4
USDC		149	—	185	133	3.8	185.8	19.8
US Smaller Cos		93	—	105	93	—	88.3	-5.4
Warrants		30	—	41	23	—	—	—
Value & Inc	M	64½	-1	74	56	6.7	71.7	10.1
6¼pc Cv Pf		138xd	-5	148	116	6.0	—	—

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MISCELLANEOUS - Cont.

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Price	+ or -	1991 high	1991 low	Mkt Cap£m	Yld Gr's	P/E
‡‡Iverma West I£	49	—	61	30	15.8	—	
‡‡Kells Mins I£	42	—	46	33	1.01	—	
‡Kenmare	5	+½	25	4½	4.89	—	
‡‡Navan Res I£	16	—	20	15	0.87	—	
Northgate Expl C$	42	-3½	99	42	6.30	—	
North West Expl A$	6	—	16	5	2.02	—	
Oryx Gold $	166	—	188	82	—	—	
‡‡Ovoca Gold I£	8	—	23	8	0.58	—	
Plateau	13	+½	44	12	2.43	—	
■RTZ	464	-14	605	404	4,826	5.6	
♥Thorco Res	4¾	—	11	3¼	—	—	
‡Vizcaya	2½	—	18	2	1.34	—	
♥Western & Pac C$	23½	-½	152	19½	12.9	—	
‡Young Grp	108	—	133	105	9.80	6.5	

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock."
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other offical estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excluding a special payment
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other offical estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other offical estimates for 1991
K Yield based on prospectus or other official estimates for 1990
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other offical estimates for 1989-90.
P Figures based on prospectus or other official estimates for 1991.
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion

FINANCIAL TIMES
Weekend December 21/December 22 1991

Civil service pay may be linked to performance by next year

By Michael Smith, Labour Correspondent

BRITISH civil servants are likely to lose their traditional right to automatic annual earnings increments under performance-related pay plans.

The long-awaited proposals, brought forward as part of the government's Citizens' Charter, mean that all Britain's 500,000-plus civil servants will have part of their annual earnings rise related to individual performance. The plan was outlined to union leaders earlier this week.

Under existing arrangements, fewer than 5 per cent receive performance-related pay awards annually.

The Treasury last October gave notice of its intention to revise current pay agreements with unions. It is likely to want new arrangements to be in place for 1992 deals, due to be take effect from April 1, although the timing will depend on the progress of union negotiations.

Under the proposals, the government is to retain a comparability system by which cost-of-living pay rises are related to those received by private sector workers during the previous 12 months.

Union leaders will be relieved by this. Of more concern will be government proposals to withhold pay increments, which are paid on top of the cost-of-living rise, from poor performers.

Under an appraisal system already in existence, civil servants are grouped into one of five boxes, ranging from 1 for excellent to 5 for unsatisfactory, depending on performance.

The Treasury's proposals would mean that increments, worth on average about 4 per cent of salary, would only be paid to some of those in box 4 and to none in box 5.

Box 3 performers, the majority of civil servants, would be paid the standard increment and there would be extra salary rises for those in boxes 1 and 2.

The proposals also allow for cash bonuses to be paid to civil servants who have reached the top of their grade.

Currently such people are unable to win rises, however strong their performance. The bonuses would not be consolidated into salary.

As expected, the Treasury wants to introduce a form of words into the five main civil service pay agreements that would make it easier for government departments and agencies to draw up pay systems suited to their individual circumstances.

The government is keen to encourage more agencies to do this, but believes there will still be a need for national agreements covering large numbers of civil servants.

Treasury officials have made it plain that the stand-alone agreements will have to be agreed within financial parameters set centrally by them.

The Treasury believes the performance-pay proposals are unlikely to increase substantially the cost of civil service pay. This is because, in the vast majority of cases, performance awards will simply replace the previous system of automatic service increments.

The Treasury argues that, if there are additional costs, they will be paid for through improved performance.

Report accuses power generators of inflating prices

By Juliet Sychrava

NATIONAL POWER and PowerGen, the two large electricity generators in England and Wales, have used their dominant position in the market to push up prices, the industry's watchdog has ruled.

Professor Stephen Littlechild, director general of the Office of Electricity Regulation (Offer), has recommended two important changes to the generators' licences which will prevent them from "manipulating the market" in future.

But the long-awaited report on the electricity pool or wholesale market did not support the recent barrage of complaints from large customers, who would like to see pool prices brought down.

The pool is the market where electricity is traded between the generators and the users, such as the regional distribution companies. A key factor in the pool price is the amount of capacity which the generators have available at any given time. Recently, the pool price has been very volatile and has shown an upward tendency.

Introducing price controls would be abandoning competition, said Professor Littlechild who insisted the electricity pool was working despite "teething problems". The best way to ensure a fair price was to promote competition, and not to regulate, he said.

However, he wanted to ensure the generators were not behaving in an anti-competitive way, and although National Power and PowerGen had not broken the pool rules, there was evidence that they had manipulated supply and demand in the pool by withdrawing generating plant.

Professor Littlechild found PowerGen guilty of artificially boosting the pool price by withholding generating plant that was, in fact, available. This was unacceptable, he said. National Power had also been accused of charging the pool artificially high prices for its Fawley power station, which is necessary to the national system, he said.

Ageing N-plants can stay in operation..............Page 4
Revellers sobered by the regulator..................Page 8

He proposed two changes to the generators' licences. The first would oblige them to give Offer detailed information about genuine availability of plant.

The generators would also have to offer plant they planned to close to other operators, to prevent them from tactically mothballing or closing plant to push the pool price up.

His second recommendation would compel the generators to explain the prices they charge for stations like Fawley.

Professor Littlechild said the report would now go to the generators, and he expected an agreement within six weeks.

If they did not accept the report's recommendations, he warned, he could refer them to the Monopolies and Mergers Commission.

Tony Andrews

Professor Stephen Littlechild yesterday: the best way to ensure a fair price was to promote competition, he said

Both generators said the report vindicated their claims that they had not broken pool rules. They were willing to talk to Offer, but did not welcome the idea of licence changes.

"The problems we have can be dealt with in the pool and through the pool rules," said Mr Ed Wallis, chief executive of PowerGen.

Mr Colin Webster, commercial director of National Power, said he had an antipathy to "creeping regulation".

Both generators stressed that the pool was only a spot market, and most customers are covered by contracts. "The report will be regrettably misleading because of that," Mr Wallis said.

De Klerk offers blacks place in transitional parliament

By Patti Waldmeir in Johannesburg

BLACKS could become members of the South African parliament to help in the transition to a post-apartheid government under proposals put forward by President F W de Klerk yesterday.

Mr de Klerk was speaking at the opening of the Convention for a Democratic South Africa (Codesa), convened to negotiate the most profound political changes in modern South African history.

Most of the 19 delegations taking part yesterday signed a declaration of intent committing them to the creation of a multi-racial nation, with a constitution based on regular multi-party elections, an independent judiciary, a bill of rights and constitutional checks and balances.

The atmosphere at the conference, though generally good, was soured by a sharp clash between Mr de Klerk and Mr Nelson Mandela, president of the African National Congress. Mr de Klerk attacked the ANC for failing to abandon its armed struggle, while Mr Mandela condemned the president as a representative of a "discredited minority regime".

However, the exchange did not detract from the significance of the declaration, which marks an important move towards multi-racial power-sharing. The ruling National Party agreed to ensure that legislation drawn up by the convention would be implemented by the current parliament, where the government has a large majority.

The mainly Zulu Inkatha Freedom Party refused to sign the declaration, along with the governments of two of the so-called black homelands. They nevertheless stressed that they would continue to participate in constitutional negotiations.

In his unexpected initiative, Mr de Klerk told the conference he was convinced it was "in the best interests of South Africa and all its people for us to institute expeditiously...a government that is broadly representative of the whole population."

In a speech that underlined the government's commitment to end absolute rule by the white minority, he told delegates he was ready to begin negotiating immediately on amending the constitution, which disenfranchises blacks, to make power-sharing possible.

"We are convinced that the composition of parliament should be changed during this initial phase already to include the total population in an equitable manner," Mr de Klerk said. But he added that he was not prepared to suspend the constitution until South Africans of all races could have a say in a referendum.

The government hopes that the proposal will persuade the ANC to drop its demand for an elected constituent assembly to draw up a post-apartheid constitution. ANC officials speaking privately last night rejected the proposal, saying the party wanted to move immediately to a fully democratic constitution.

The National Party, attending as a separate delegation, marked the occasion by issuing its first official apology for the evils of apartheid. Mr Dawie de Villiers, the cabinet minister who is leading the delegation, said they "deeply" regretted the misery and deprivation of rights caused by apartheid "insofar as that occurred" – a form of words viewed as grudging by many delegates.

THE LEX COLUMN

London between two fires

This week's 94-point fall in the FT-SE was not bad going in the circumstances. The gap between German and US interest rates is now the widest in post-war history. It leaves the UK economy in the middle again, at a time when UK investors are confronted with fresh worries on the corporate front and further signs of governmental disarray. If the outlook for domestic earnings were not bad enough, the full-point cut by the Federal Reserve is the starkest evidence yet of the dire state of the US economy. US real interest rates are now half what they were in the last great burst of rate-cutting in the recession year of 1982. The obvious worry is that the latest cut might turn out, in Keynes's phrase, to be pushing on a piece of string.

The optimist might counter by pointing out that when German and US rates last diverged like this on successive days, at the end of January, the dollar defied logic by shooting up more than 25 per cent against the D-Mark by the summer. This was due partly to hopes of US recovery, partly to worries about the German economy and the perils of Soviet collapse. All these factors could recur. If not, UK analysts will have to downgrade next year's earnings yet further on the basis of penal UK interest rates and a weak dollar.

It is now clear that hopes of a year-end rally in the London market are beyond recall. The traditional alternative is a January rally, which has happened in four years out of the past five. In a market increasingly dogged by an approaching election, it might not do to count on it.

UK insurers

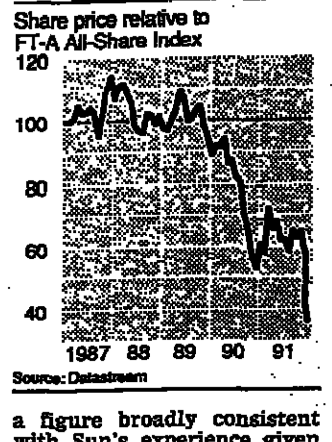
Yesterday's admission by Sun Alliance that it will lose £320m this year on its mortgage guarantee business is a final vindication for Eagle Star. When the BAT subsidiary provided the first hard evidence in August that the UK housing market would inflict serious damage on the composites, rivals privately pooh-poohed the figures. But first Royal and now Sun have had to face up to the scale of the disaster and rework their sums accordingly.

The depressing thing for investors is that yesterday's statement merely confirms what we already know. Royal had previously put its underwriting losses for 1991 at around £180m, excluding £50m for prior year repossessions – a figure broadly consistent with Sun's experience given the latter's higher market share and average claim, plus provisions made for its reinsurance contract with Nationwide Anglia. What happens in 1992 is anyone's guess, the only certainty being that the repossessions total will be lower than it would have been without this week's politically inspired rescue package. The short-term reality for investors is one of balance sheets wasting away and the near certain prospect of dividend cuts at Royal and GRE. On present trends the latter may be the first composite to fall out of the FT-SE.

FT-SE Index: 2,358.1 (-33.5)

Trafalgar House

Share price relative to FT-A All-Share Index



Source: Datastream

German takeovers

Two thoughts occur about the ease with which Krupp has acquired control of Hoesch. First, this does not necessarily mean hostile takeovers are suddenly in fashion. It rather confirms that industrial power still resides in the secretive parlours of the bigger banks. Rationalisation is inevitable for the German steel industry. By ensuring that it is a domestic affair, the banks are keeping the likes of British Steel out, even if they have upset both the management and workforce of Hoesch in the process.

Second, the banks' power means a raw deal for minority shareholders. Those in Hoesch do not even know how much Krupp has paid for its majority stake. The sagas of Perrier in France and Wagons-Lits in Belgium have aroused mutterings of discontent from minority investors in those countries. The scant German concern about shareholder rights contrasts oddly with the rigour of its monopoly rules. This must deter inward portfolio investment, even though the single market makes a pan-European strategy more sensible. Perhaps a European takeover code would help after all, provided it did not do undue harm to the rights enjoyed by shareholders in UK companies.

Trafalgar House

Trafalgar's latest report and accounts perhaps demonstrate why the remuneration of its auditors jumped 20 per cent this year. Many of the policies which have made the company a classic case for students of the art – the reclassification as fixed assets of properties previously held as current assets, for example – have already had a good airing. What was not apparent at the time of the preliminary figures last month was the transfer of a £75m surplus from the Davy pension funds to Trafalgar's balance sheet. This is legitimate practice after an acquisition. But taken with the £70m jump in associate borrowings guaranteed by Trafalgar – since reduced by £20m – it puts a slightly different gloss on the group's claim to financial strength.

There is a lesson in all this for the market. As yesterday's bear raid on Tiphook also underlines, investors focus on the quality of earnings in turbulent times. It could be that Trafalgar is a snip at 125p, given a prospective 10 per cent yield on the assumption that the dividend is halved. After perusal of the 1991 accounts, however, investors are less likely to take the gamble.

Generators

The regulator's report on prices in the electricity pool is somewhat curious. While both generators are found to have bent the rules, they are cleared of actually breaking them. Although guilty, they get off on a technicality. Offer could always change the rules to avoid this. But the suggestion that the generators' present ability to control the pool price somehow deters new entrants looks far-fetched.

The real issue for Offer is whether pool customers are paying more than the going rate. It was perhaps significant that there was no such ruling. Further, the proposed changes to the generators' licences seem innocuous enough to raise the thought that Offer simply wants to be seen to be busy. It is, after all, scarcely conceivable that the companies will risk a referral to the Monopolies Commission for the sake of a little transparency.

Goldman claims Maxwell duped firm

Continued from Page 1

Mr Maxwell.

From the beginning of 1990 to February 1991, Bishopsgate Investment Trust, a vehicle of the Maxwell family, bought between 5m and 10m MCC shares from Goldman every three months on average.

In early August 1990, Goldman had accumulated a stake in MCC of 16.7m shares. Mr Sheinberg then approached Mr Maxwell and offered him the holding, but Mr Maxwell turned him down. However, Goldman wanted to get the stock off its books by November 30, the end of its financial year.

If the shares were not sold by then, Goldman would have been forced to take a loss on the holding under accounting regulations relating to US securities firms. So it came up with the idea of buying a put option from Mr Maxwell covering 15.6m MCC shares. This option gave Goldman the right to sell the shares to Mr Maxwell on November 30 at an exercise price of 203.55p a share.

The purchase of the option – for £780,000 – was the equivalent in accounting terms of selling the shares, so Goldman no longer had to worry about taking a loss on the position.

There have been suggestions that the purpose of the option was to help Mr Maxwell support the MCC share price and also to help him evade Companies Act restrictions on his ability to purchase MCC shares during the "close period", immediately before MCC's results. However, a financier close to Goldman said the firm had no such motives.

In the event, the option was exercised on November 30 and Goldman sold the shares to Mr Maxwell. However, by then the firm had accumulated yet another huge stake in MCC – this time of 30m shares.

Once again, Mr Maxwell refused to buy these outright. Eventually, on January 4 1991, Goldman bought another put option from Mr Maxwell covering these shares – and then sold these shares to him on February 15.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
VEW	215	+	5
Falls			
Beiersdorf	780	–	20
DLW	469	–	23
Hoesch	254	–	10.5
Leifheit	440	–	20
PWA	203	–	7
New York ($)			
Rises			
BankAmerica	43⅝	+	1
Chase Manhattan	15⅞	+	¾
Chemical Bank	20⅛	+	⅝
Sec Pacific	26⅜	+	1¼
Falls			
BP	62½	–	2⅛
Eastman Kodak	44¼	–	¾
New York prices at 12.30pm			
Paris (FFrs)			
Falls			
Accor	585	–	23
Bancaire Cie	446	–	16
CGIP	852	–	74
Havas	397	–	21
Imm de France	754	–	36
SILIC	520	–	29
Tokyo (Yen)			
Rises			
Tokyo Raku	1070	+	70
Falls			
Daiwa Heavy	720	–	76
Fuji Robin	450	–	46
Kamei	1000	–	90
Nippon Carbon	2590	–	400
Nippon Lace	567	–	68
London (Pence)			
Rises			
Courtyard Leis	22	+	4
Glencar Expl	16	+	3
Park Food	396	+	26
Wellcome	950	+	12
Falls			
British Gas	245	–	12½
BP	279	–	12
Dixons	183	–	13
Enterprise Oil	441	–	17
French Connectn	16	–	4
Gen Accident	420	–	21
Harrisons Cros	104	–	9
Lasmo	223	–	7
Lawrence (W)	24	–	4
Shanks McEwan	174	–	6
SmKl Beecham A	794	–	19
Sun Alliance	272	–	10
Tiphook	389	–	47
Trafalgar Hse	124½	–	21½
Williams Hldgs	299	–	9½

Mammoth task

Continued from Page 1

As its present owner the Treuhand has already poured about DM6m (£2.4m) into the enterprise.

The artistes play to rows of empty, sagging seats on Berlin's grimly barren Potsdamer Platz, once the site for a large stretch of the infamous Wall. The circus tent is waterlogged; even the Potsdamer Platz drizzle seems permanent.

Busch-Berolina spent much of last year touring the Soviet Union, where it pulled in huge crowds but earned only non-convertible roubles.

The Treuhand is looking for a sympathetic bank to finance a management buy-out as well as an experienced manager from the West who "feels at home in the circus world".

He or she could earn up to DM10,000 a month, depending on qualifications. The good news, Mr Wauschkuhn says, is that "many of the performers are top-calibre".

A new manager might find himself confronted with a uniquely post-Communist personnel problem. The performers of the former state circus were a highly privileged elite who performed in the West and earned hard currency for the régime.

Many were informers for the Stasi state security service whose files are to be opened to the public next month. Some of the other 150-odd German circuses have been heard to mutter that too much tax money is being pumped into the "Stasi Circus".

The Treuhand is used to bizarre situations. It has acquired ten MiG-23 Iraqi jet fighters, stranded after the Gulf war, three paddle-wheel excursion steamers, and a clutch of run-down castles.

WORLDWIDE WEATHER

UK today: Cloudy and rainy in many regions with some sleet in the north, but in the south-west and Wales conditions will become drier and brighter, and it will be very mild in the south. Some snow over northern hills. Overall, a windy day with gusts to gale force in the west.
Outlook: Cloudy and mild, then turning cooler.

		°C	°F
Ajaccio	C	12	54
Algiers	F	17	63
Amsterdam	C	5	41
Athens	F	13	55
Bahrain	S	17	63
Barcelona	S	14	57
Belfast	S	4	39
Belgrade	C	3	37
Berlin	S	5	41
Biarritz	C	12	54
Birmingham	S	5	41
Blackpool	C	6	43
Bombay	S	31	88
Bordeaux	C	11	52
Boulogne	S	7	45
Bristol	S	7	45
Brussels	C	5	41
Budapest	Sl	0	32
Buenos Aires	–	–	–
Cairo	S	17	63
Cape Town	S	20	68
Cardiff	S	6	43
Chicago†	C	0	32
Cologne	F	5	41
Copenhagen	F	4	39
Corfu	S	15	59
Dallas	–	–	–
Dublin	S	4	39
Dubrovnik	–	–	–
Edinburgh	S	2	36
Faro	S	20	68
Florence	Fg	5	41
Frankfurt	C	5	41
Geneva	Sn	3	37
Gibraltar	S	18	64
Glasgow	Sn	3	37
Guernsey	C	8	46
Helsinki	Sn	1	34
Hong Kong	S	20	68
Innsbruck	R	3	37
Inverness	C	2	36
Isle of Man	C	5	41
Istanbul	F	7	45
Jersey	R	9	48
Johannesburg	F	21	70
Las Palmas	S	20	68
Leeds	Sl	2	36
Lisbon	S	15	59
Locarno	C	11	52
London	S	7	45
Los Angeles†	S	10	50
Luxembourg	Sn	2	36
Madeira	F	19	66
Madrid	S	12	54
Majorca	F	14	57
Malaga	S	15	59
Malta	C	15	59
Manchester	C	4	39
Melbourne	F	19	66
Mexico City	–	–	–
Miami†	F	13	55
Milan	F	4	39
Montreal†	S	-13	9
Moscow	C	-4	25
Munich	C	3	37
Nairobi	F	23	73
Naples	Dr	12	54
Nassau	–	–	–
Newcastle	S	2	36
New Delhi	S	23	73
New York†	S	-3	27
Nice	S	14	57
Nicosia	F	17	63
Oporto	S	13	55
Oslo	F	3	37
Paris	C	5	41
Peking	S	0	32
Perth	S	28	82
Prague	F	4	39
Reykjavik	S	-8	18
Rhodes	F	15	59
Rio de Janeiro	–	–	–
Rome	F	14	57
Salzburg	Sn	0	32
S'Francisco†	S	5	41
Seoul	S	6	43
Singapore	F	25	77
Stockholm	C	2	36
Strasbourg	C	5	41
Sydney	S	25	77
Tangier	F	16	61
Tel Aviv	F	16	61
Tenerife	F	20	68
Tokyo	S	8	46
Toronto†	F	-9	16
Tunis	C	17	63
Valencia	S	18	64
Vancouver†	F	5	41
Venice	R	3	37
Vienna	C	5	41
Warsaw	C	5	41
Washington†	S	-6	21
Wellington	F	20	68
Zurich	C	2	36

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

مكتبة الأصيل

Weekend FT

SECTION II

Weekend December 21/December 22 1991

My Seven Deadly Sins

*Lust. Pride. Covetousness. Anger. Gluttony. Envy. Sloth. Politician **Chris Patten** recalls his Catholic schooldays and offers a modern interpretation of the concept of sin*

I FIRST learnt the names of the seven deadly sins in Mr Cuthbert's class at Our Lady of the Visitation Primary School in Greenford, Middlesex. It was the year after I read *The Wind in the Willows*, and the same year that my father took me to see Blackpool beat Bolton in Stanley Matthews' Cup Final.

The list of sins made up half the answer to question Number 324 in our little red book, *A Catechism of Christian Doctrine*, published by the Catholic Truth Society. The other half was a roster of what are called the seven contrary virtues – humility and that sort of thing. Alas, I have forgotten them. But I can remember without difficulty their seven capital cousins. Pride. Covetousness. Lust. Anger. Gluttony. Envy. Sloth.

At the front of our catechism was the imprimatur: "Bernard, Cardinal Griffin, Archbishop of Westminster." And it was the cardinal who would arrive most years, though sometimes a suffragan would replace him, to monitor the teaching of the faith across his diocese. A swirl of cassocks would enter the classroom, led by our Irish parish priest in his clerical best. Black and purple and scarlet moved among us. The questions fell upon the innocent like flakes of snow. What is faith? What does the word Catholic mean? What is it to be in a state of Grace?

I sat between Phil Alty, the son (so my mother thought) of the best butcher in the neighbourhood, and pig-tailed Christine Blanchfield. We were strategically placed, front right, near the door to catch the archiepiscopal eye as our hands shot into the air at each question with a hiss of expelled enthusiasm – "Please, Father!"

Naturally, we knew the names of the seven deadly sins before we had much idea what they meant, although Kenneth Grahame's Toad in *The Wind in the Willows* had given us an inkling about covetousness (or avarice) and about one or two others. Perhaps, as we grew up in a world that by and large renounced guilt, we did not need to know them, nor to recollect them at a time of year when everyone appears to follow Tom Lehrer's advice: "Fill the cup and don't say when."

Christmas has become increasingly our society's time of carnival, an occasion for gluttony and avarice. But such periods of communal carnality have a long history. In medieval Nantes, the carnival was dedicated suitably to St Vomit.

Carnivals then were followed by periods of penitential abstinence. Less expensive than visiting health farms, eating turnips for the best part of six weeks doubtless brought some medicinal benefits. Whether kneeling in freezing water to say one's prayers, in an attempt to earn forgiveness for fornication, was equally efficacious is less certain.

Christmas-time or not, to talk of sin at all may be out of date. I remember the years when sermons always seemed to be about sin and the Last Judgment. Nowadays, trying to pin down most of our spiritual leaders on distinctions between right and wrong, at least in relation to individual actions, can be a tricky business, like nailing a jelly to the napery. There is less difficulty eliciting an unequivocal view on housing policy or international debt.

However, where talking about sin is almost fashionable again it is evidently the result of rediscovering the primitive notion of wrong-doing as the breaking of a taboo. Killing the game in the wrong way in hunting cultures, or, a little later, speaking to your mother-in-law, are ancient examples of this idea of sin. Political correctness comes close to this today. Addressing a man's or a woman's gender breaks a taboo. Who knows? Perhaps somewhere at Cambridge University there is a list of the seven deadly examples of Political Incorrectness.

'We are preoccupied with carnal wrong-doing. But it is the spiritual sins that should draw down our obloquy'

For Dante, Chaucer and even later writers, the catalogue of deadly sins was the principal expression of Europe's moral tradition. It is not preposterous to argue that their distinction between one group of sins and another, their own moral judgment, has a particular resonance for our times, too. Like our medieval forbears, we tend to concentrate most of our prurient interest on the sins which matter rather less, and pass by the really troublesome whoppers.

Chaucer's *Parson's Tale* is probably the clearest expression of the distinction between those sins which corrode a whole community and those which, on the whole, only damage the individual sinner. Chaucer's pre-Reformation "Good Citizen's Guide" still passes muster today. Like others, Chaucer distinguished between the sins of the spirit (the sins of aversion) and those of the flesh (the sins of concupiscence). The spiritual sins were regarded as more serious than the carnal sins. They involved the soul more than the body, and turned the sinner away from God in a more pronounced way. Since they were less influenced by passion, they were less excusable.

What is more, as Chaucer argued, the sins of the spirit were more likely to undermine any notion of community than were those of the flesh. Indeed, some dalliance with concupiscence – sloth, gluttony, lechery – was a contributor to sociability and the creation of community. All those sins of the flesh represent congenial features of communal living taken a few steps too far.

In art as in life, it is sometimes difficult to know precisely where the line lies between amiability and sin. The Gothic carvings around the choir in Albi cathedral, in the south of France, are all based on local worthies. I can still clearly see one face. It is not of a worthy, but that of a sensuous beauty – the sculptor's wife or girlfriend, presumably. She occurs again and again; she is Judith, she is St Cecilia, she is the Virgin. She is slant-eyed; she is temptation. How did generations of canons cope with this distraction at their early morning office, her face everywhere around them? That young woman from Albi holds the bridge between love and lechery, between romance and sluttishness.

We are as pre-occupied as ever with carnal wrong-doing. But it is the spiritual sins that should draw down our obloquy – anger, envy and pride, Lucifer's own.

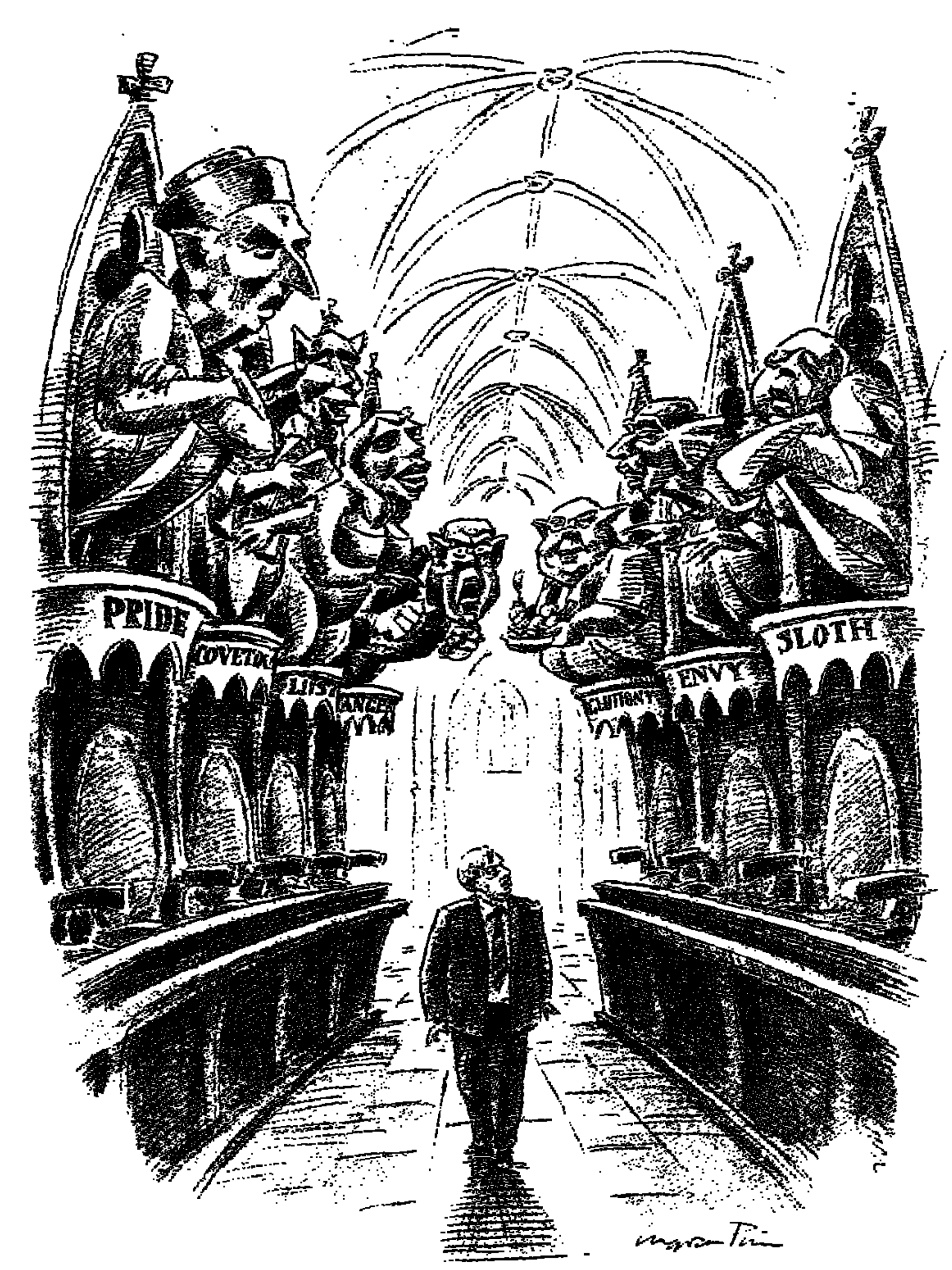
I leave on one side avarice, which is a sort of hinge between spiritual and carnal sin, sometimes the one and sometimes the other. Avarice is so obviously and comically naff that I do not think it merits much attention. In any event, to attack avarice in a Saturday supplement which, like others, flirts with it from page to page would be humbug.

I saw anger in its most institutionalised form when I spent two years as a government minister in Northern Ireland. Do not misunderstand me – I loved Northern Ireland, made many friends there, and saw more clearly than I have elsewhere the relationship between landscape and the past. I became obsessed with the sad and bad history of our failure amicably to share our archipelago, and read much more of the literature that throws some light on the miserable mess.

And what lies behind it all? Wrath – a fixed and formal hatred. It is a wrath born of the absurd delusion that we belong to different, pure-blooded tribes and can only have one simple, soldered loyalty to our own hierarchy of values and cultural memories, a wrath fed and matured by the self-righteous sense that justice stands in our corner.

One of my best friends in Belfast was a Lancastrian Ulsterman. Barred from entry to the home civil service after the war by diabetes, Norman Dugdale became a civil servant in Northern Ireland and grew to love his adopted country as ardently as he worked for its public service. Norman is a fine poet, with several collections of his work brought out by that magnificent little publishing house in Belfast, the Blackstaff Press.

In a poem about one of his friends, Dugdale reminds us that charity comes first, not justice. "Justice without charity will never reconcile or make us whole." They are words which we will have reason to recall well beyond Strangford and the Mournes, as with the fracturing of the carapace of tyrannical empire, much of Europe rediscovers its dismal tribal roots.



Envy is the sin that has come closest to the heart of political philosophy. Speaker Reed, the great Republican kept from the US presidency a century ago (above all, by his political integrity), put the point in his own acerbic way. In a debate on tariffs, he referred to economic privilege and to his feelings when, walking through New York, he contrasted "the brownstone fronts of the rich merchants with the unrewarded virtue of the people on the sidewalk." He went on: "My gorge rises. I do not feel kindly to the people inside. But when I feel that way I know what the feeling is. It is good, honest, high-minded envy. When the gentlemen across the aisle have the same feeling they think it is political economy."

Envy is debilitating as a personal sin, and does just as much harm when turned into a political programme. Chaucer went further. He thought it a typical peasant's vice, mixing jealousy at the prosperity of others with joy at their misfortune, and with a ludicrous assumption that there was only a finite amount of good luck in the world. The Spanish wife of my best friend, confronted with a new treat or a marvellous view, asks simply: "Isn't God wonderful?" And so He is, boundless in His bounty, which makes envy all the more stupid.

And last, the worst – pride. It is what the Greeks called "a wanton over-estimation of oneself"; one of its manifestations will frequently dominate the world's agenda for my lifetime and beyond.

Since the Enlightenment, we have kidded ourselves that we could do anything we wanted to our world and use our human power to overwhelm the consequences. More and more we have recently come to comprehend that that is no longer true. What lies at the heart of the debate about our environment is the growing realisation that we cannot play God.

Our global life system is an intricate and harmonious balance. Pull and tug at this cord or that, and watch out for the consequences. "Take but degree away, untune that string, And, hark, what discord follows." We can build dams, move rivers, desolate forests. But we cannot endlessly shape Nature to our will. The world, as Rex Warne writes at the end of his novel, *Aerodrome*, is intricate, wonderful, fiercer than tigers and infinitely forgiving. But it is not forgiving if we presume too much.

Pride, of course, comes before a fall. That is also something I learnt in Mr Cuthbert's class – but in the English lesson, I think, not while preparing to get all the catechism answers right at the cardinal's annual inquisition.

■ *Chris Patten is chairman of the Conservative party.*

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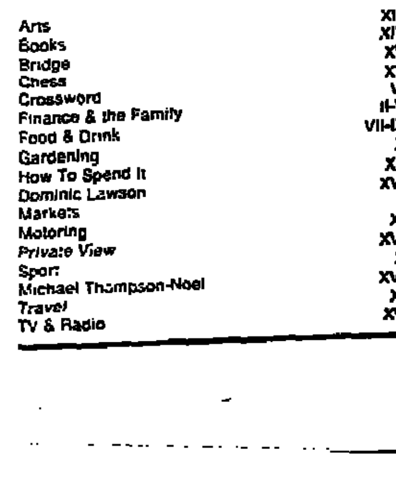


The Long View/**Barry Riley**

Norman and the beanstalk

Pursuing some seasonal light relief at a gloomy time I offer a fragment of the script of this year's Whitehall Theatre Christmas amateur pantomime which has come unexpectedly into my hands.

ACT ONE: SEEDS OF RECOVERY

Scene: Hardup House, in a village somewhere in Britain

Major Hardup: Oh dear, oh dear, where on earth is Norman? Ever since I gave him that financial job he's nowhere to be found when I need him *(brandishes letter)*. Now we are threatened with repossession of the House if we can't find more support by the spring.

Norman: *(enters right)*. Cheer up, Major! After all, we just had that super trip to a place called Maastricht in Holland. We beat off all the attempts by the beastly Europeans to force us to swap our pounds, which keep on going down in value, for their rotten foreign currencies, which keep on going up. Weren't we clever?

Major Hardup: I suppose so, though it all seemed Double Dutch to me. But the problem is, we haven't got any pounds to start with. There's only one thing to do. Here's Beattie, our cash cow. You'll have to take her down to the market and sell her.

Norman: Oh, no! We've been milking her for years, and she's been so faithful and reliable. Whatever will we do without dear old Beattie? *(wait for audience reaction)*.

Major Hardup: It's no good, my mind's made up. I've told Siggy Warburg the auctioneer to expect you. Now, be off with you!

They exit. Enter the brokers' men.

Gavin: I say, I say, my forecasts are looking pretty dodgy.

Roger: I'm not surprised, because you've been listening to Norman's tall tales again.

Gavin: How dare you, don't you know what the consensus means?

Roger: Yes, yes, it's when *I* work out an economic forecast and *you* copy it.

Gavin: I don't wish to know that! Anyway, you're quite wrong. We *all* work out independent forecasts for the economic recovery on our own computers, and we *all* come to exactly the same answer! That's a consensus.

Roger: That's not right either. What really happens is that Norman is a con man and he sends us misleading figures. A con sends us, get it? *(They exit rapidly)*.

A puff of black smoke right, and the Wicked Fairy materialises.

Wicked Fairy: *So Norman's gone to get some money,*
I really find that very funny.
My spell will make the economy saggy
Just as surely as my name is Maggie!
He will find that nothing alters,
They should have listened to Sir Alan Walters!
Hee hee hee!

She disappears with a clap of thunder. Enter Norman and Major Hardup

Major Hardup: Right, Norman, where's my £6 bn from the sale of Beattie? I've got so many things to spend it on before the spring, because I want to impress all the neighbours. Here's my long spending list, called the Citizen's Charter.

Norman: Well, I'm afraid I haven't actually got the money. But I've got something much, much better! You see, I met a man on the way to the market, and he took the cow and gave me these in return. Look!

Major Hardup: How dare you disobey my instructions! These are just a few seeds. *I knew I should never have put* you in charge of my money.

Now because of your blundering we shall lose the House. Anybody could control it in future, even those horrible dirty Labourers from the opposite side of town.

Norman: No, don't worry, these are *magic seeds!* They produce the green shoots of economic spring. The man who gave them to me was an economic adviser called Dr Budd, who from his name must obviously know all about *green shoots!* They will grow up and up, and we will all climb higher and higher and find enormous wealth!

The Wicked Fairy rematerialises

Wicked Fairy: *The fools, they don't have the whole facts,*
They forgot about the Son of Poll Tax.
And although some say I'm a kind of crank,
I'm really a lot better than the Bundesbank!
There's no time now for an oration,
But soon they must deal with my Foundation!
Hee. Hee. Hee!

All depart. Enter the brokers' men.

Roger: It's strange really, *you* like narrow money and *I* prefer broad money.

Gavin: Yes, yes, you always were a bit of a wide boy!

Roger: No, but my broad money's running a bit short, perhaps you could lend me some narrow money and we could widen it out a bit.

Gavin: *That sounds like funny money* to me – although nobody's laughing.

Roger: The trouble is, you see, the Bank of England is replacing all the old broad £5 notes with new narrow £5 notes.

Gavin: Are you getting worried about what that is doing to the M4 flows?

Roger: No, but I'm very upset about the new contraflow on the M6 near Macclesfield!

They exit hurriedly again. Enter Norman

Norman: Now to plant my seeds, just like Dr Budd said. But he wanted me to put them into nice soft, rich soil. Everywhere around here looks so hard and barren. *Still*, this spot will have to do.

Another flash, and the Wicked Fairy reappears, extreme right.

Wicked Fairy: *Don't think you've really got the past licked*
Even after your deal at Maastricht.
I created the house price boom,
Now the slump will carry you to your doom.
Disappointment over the green shoots awaits
Because of my curse of high interest rates!
Hee, Hee, Hee!

Norman: Oh, what a horrible old woman! Never mind, she's disappeared now. I expect she's gone on another lecture tour to America. *He carefully inspects the seeds.*

Norman: Look, I believe I can see a shoot starting to grow already. Yes it is!

Audience: Oh, no it isn't!

Norman: Oh, yes it is!

Everybody *(very loudly)*: OH, NO IT ISN'T!

END OF ACT ONE

Act Two, The Treasure in the Sky, will follow in 1992, or 1993, or perhaps, with luck, 1994.

London Markets

'God bless us all,' said Tiny Tim

DICKENS' Christmas Carol might as well be subtitled The History of a U-Turn. Consider the plot: skinflint is woken by ghost of former colleague, who shows him glorious Christmas past, dismal present, and grisly fate that beckons in the future. Moved by fear as much as compassion, skinflint abandons ruthless market-oriented approach and doles out largesse all round. Much rejoicing, especially by Tiny Tim.

In place of Ebenezer Scrooge's spindly figure, imagine the comfortable shape of Norman Lamont, Chancellor of the Exchequer. In place of Dickens's horrid visions of the future, imagine the sick certainty with which ministers greet each dawn: another day closer to an election and still no real sign of an economic recovery.

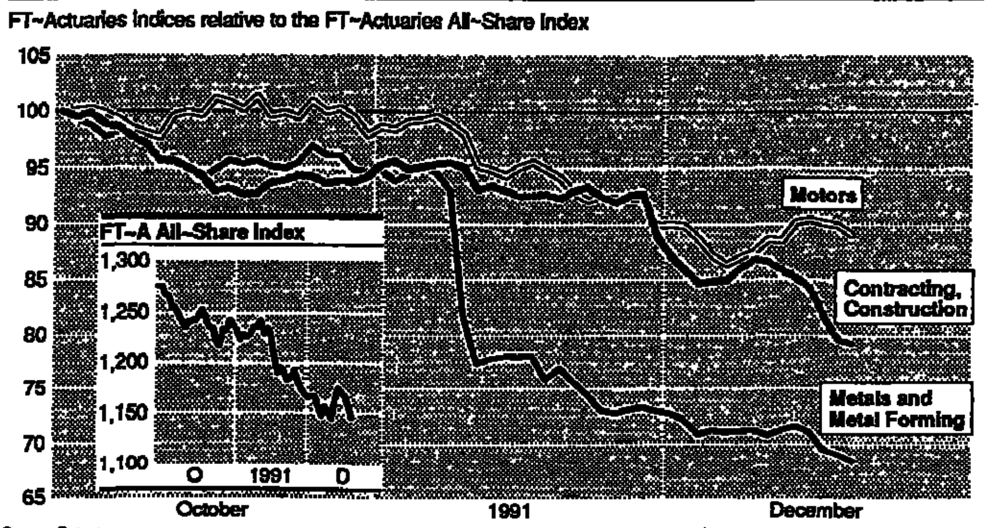
In place of Scrooge's U-turn on the issues of Christmas Day working, supply of turkeys, mince pies and so on, imagine the government's reversion to Christmas-past traditions of goosing the housing market. The parallels are exact – save in one respect.

Dickens's tale ends joyously on Christmas day. We are not told what happened to the firm of Marley and Scrooge once its labour costs drifted out of line with its Hamburg competitors; we are not told what happened to the digestive health of the Cratchit family after a sudden shift to an unsuitable high-carbohydrate diet; we are not told whether Ebenezer Scrooge avoided the grim fate sketched out by his ghostly visitors.

It is no accident, therefore, that Dickens's Christmas Carol, depicting the triumph of short-term intervention, is a crucial element in Britain's collective myth. Alas markets, though often accused of short-termism, are unable quite so wilfully to ignore the future.

Thus, as Norman Lamont attempted to redraw reality this week, the markets were forced to come to terms with it. On Monday, the government reported that manufacturing output in October, seasonally adjusted, was 0.4 per cent below that in the month before – the first statistical confirmation that the recovery glimpsed in August and September had petered out. Share prices measured by the FT-Actuaries All-Share index fell 0.4 per cent.

On Tuesday, there came official admissions that the US was still in recession, and mounting pressure on the British government to do something about repossessions of homes on which mortgage payments were in default. Share prices fell 0.4 per cent. On Wednesday, as the prime minister met the building societies, General Motors in the US announced that 70,000 jobs were to go over the next four years. Share prices fell 0.7 per cent.



Source: Datastream

On Thursday, as the government unveiled its scheme to kick-start the housing market, the Bundesbank raised interest rates not by the quarter point that had been rumoured, but by half a point. Sterling weakened, and unemployment rose above 2.5m for the first time in four years. Share prices fell 0.9 per cent.

By Friday, therefore, the market knew what to do. As short-term interest rates nudged 11 per cent – discounting a half-point rise in base rates – equities slid across the board. Overall, shares fell 1.2 per cent, and the FT-SE index closed at 2358.1, a drop of 93.5 points on the week. If you had sold the market in July 1987, gone away on a four-and-a-half-year South Sea cruise, and come back yesterday, you would have found the overall level of share prices exactly where it was when you left.

On every hand were signs that boded little good for investors. British Gas was forced to promise to cut back its share of the contract gas market from 90 per cent or more to 40 per cent by 1995; it remains caught up in a rancorous dispute with its regulator. National Power and PowerGen, the two big electricity generators, were accused by *their* regulator of manipulating supply and demand to push up prices, and told they would face tighter scrutiny in future.

The Norwich Union cut the bonuses paid to policyholders by 9 per cent, because of lower returns on investment. Christies International's main board directors took a 20 per cent cut in salaries, reflecting a similar drop in turnover. Lasmo won its bid to buy Ultramar by a narrow majority; the Williams bid for Racal, which closes tomorrow, looks equally evenly balanced.

The sectoral charts above give an idea of the way some industries have suffered over the past few months. What they do not show, however, is the way in which the index as a whole has been propped up by the health and household goods sector, especially the big drug companies.

Health and household shares have risen 59 per cent over the past year; Glaxo, the star performer among the big stocks, closed on Friday at 777p, down 26p on the week and 355p or 84 per cent higher than a year ago (adjusted for a stock split). The health and household stocks now comprise 11 per cent of the All-Share's weighting; without their stalwart performance, the index would look more miserable still.

The outlook for shares in early 1992 will be dominated by political factors. In a way, though, the central political issues have already been decided, with this week's developments supplying the final piece of the jigsaw puzzle. The basic macro-economic framework will be set by ERM membership and the prospect of Emu membership to come.

The micro-economic approach is now also settled. The regulatory tussles of the autumn, and this week's actions to prop up the housing market, suggest that a Major government might be not much less willing to push the corporate sector around in the interests of political expediency than a middle-of-the-road Labour government. Share prices may not yet reflect this, but they will.

God bless us, every one!

Peter Martin

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2358.1	-93.5	2679.6	2054.8	Recession worries
Costain	58	-8	223	43	Industry outlook.
Dixons	183	-40	274	125	Christmas sales uncertainty.
Greycoat	102	-19	397	102	Continuing rental worries
ICI	1121	-43	1381	845	Brokerage downgrading.
Kingfisher	468	-45	582	359	Retail sector downgrades.
Lasmo	223	-30	397	215	Ultramar bid outcome.
Ladbroke	209	-14	293⅜	188¼	Brokerage downgrading
Marks & Spencer	271	-21	301	213½	Retailing worries.
Mowlem (J)	120	-66	356	120	City airport concerns.
RMC	500	-27	749	491	Construction industry weakness.
RTZ	464	-36	605	404	Iron ore price cut.
Reed Intl.	509	+22	511	343	Recovery.
SmithKline Bchm A	794	-59	847	589	Forecast cut.
Trafalgar House	124½	-33½	261	122	Adverse comment/forecast cut.

Serious Money

Revealed: the great Santa Claus scandal

By ***Philip Coggan****, Personal Finance Editor*

RUDOLPH, the red-nosed regulator, burst excitedly through the doors of Shares and Investigation Bureau chief Donna N Blitzen.

"OK. We've got the big one. An international scam, operating from an offshore unregulated centre..."

"Where?"

"Lapland. It's a bogus outfit called Father Christmas Inc. We can throw the book at them."

"Father Christmas! But..."

"I know it sounds crazy but wait until you hear the plan. This is a hard-sell outfit that intends to cold call every household in the world on Christmas Eve. You know all those timeshare offers where you have to visit their office to collect the prize. This is even better. The salesmen bring the presents with them."

"But if they're bringing presents, then surely..."

"I know. That's what's so brilliant. Remember our old rule about how if an offer sounds too good to be true, it probably is. This is the classic example. They've built up goodwill over a long period by leaving train sets and Sindy dolls to children; this year comes the hit."

"What are they selling?"

"Insurance, loft insulation, the lot. Imagine the patter. I've just been up on your roof, madam, and it looked very nasty. Have you seen the state of your tiles? There could be a leak if it rained, dear." Donna looked sceptical, but Rudolph warmed to his theme.

"You've got the perfect climate for sales. The season of goodwill, a customer who's had a few drinks and a kindly, grey-bearded salesforce. Take home security. "It could easily have been a burglar coming down the chimney, sir. Have you considered an alarm system?" Or investment bonds? "Does your child really want a Thunderbirds puppet? Wouldn't a Taiwanese smaller companies bond be better for him in the long run?""

"While he has their attention, he opens his sack and pulls out a fistful of policy documents. Who can turn down Father Christmas? They'll sign up on the dotted line quicker than you can say unitised with profits endowment policy."

"What a dastardly plot" said Donna. "Which sections of the Financial Services Act are they breaking?"

"None," quipped Rudolph, "since the FSA has no Santa clause. Seriously though, we can get him on operating a sleigh without a valid licence, creating a false market in sherry and mince pie futures..."

"Stop," said a bearded figure climbing out of the fireplace. "I wish to state the case for my defence. for a start, without this scheme, many hundreds of elves would be out of a job. And there are precious few alternative employment opportunities for elves, especially given the recession in Lapland."

"You may believe that my selling methods are wrong but what of the tactics used by the industry you claim to oversee?"

"According to a survey conducted by the Unit Trust Association, only 24 per cent of financial services salesmen talked about their commission earnings when selling products. Of those who did admit receiving commission, fewer than half explained how much they would receive."

"The list of horrors is endless. As many as 37 per cent of salesmen failed to discuss the implications of the early surrender of products and 44 per cent did not ask about other savings products that the customer already owned. Sixty five per cent of salesmen failed to discuss management fees."

"On status disclosure, 35 per cent of the salesmen failed to disclose the nature of their relationship to the product provider and of those, only a third gave the customer a written statement."

"The survey also found that the public thought that commissions were virtually the same across the range of financial services products. In fact, some policies are much more rewarding to salesmen and it is no surprise that these products get sold the most. Ho, ho, ho."

Rudolph finally managed to get a word in. "Of course, the UTA would publish this information. Commissions on unit trusts are lower than on life insurance products."

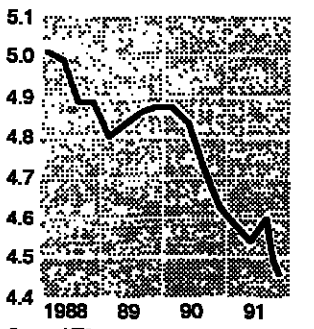
"That is true, but the life industry has dominated the savings industry for a long time," added Donna. "At last, the uneasy alliance between unit trusts and the life industry is breaking up. Several insurance companies resigned from the UTA this week, because of its trenchant comments about the way life products are sold."

Rudolph sighed. "I feel the moral of the story coming on. Beware of salesmen bearing products. They are not Father Christmasses, and after they have tucked their commissions into their sacks, you may find that the returns on your investments are grotto."

AT A GLANCE

Unitholder accounts

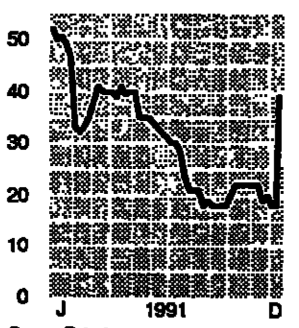
Million



Source: UTA

Ensign Trust

Share price (price)



Source: Datastream

Bad week for the UTA

The Unit Trust Association's new aggressive style lost it some members this week as life companies quit in response to the UTA's comments about the way insurance products are sold. The industry's monthly figures were also depressing; net sales in November were just £59.4m, the second lowest figure this year and funds under management fell from £58.5bn at the end of October to £55.9bn. The number of unitholder accounts also continued its long decline; the total is now 4.46m, compared with more than 5m before the 1987 Crash.

Ensign Trust shares soar

Shares in Ensign Trust have languished for a long time because of the investment trust's problems with its unquoted portfolio, which provoked a £69m assets writedown earlier this year. But this week the biggest shareholder, Merchant Navy Officers Pension Fund, made a cash bid at a level higher than net asset value. The shares more than doubled on the day and closed the week at 38p.

Norwich to drop with-profits bonds

Norwich Union is planning to withdraw from the with-profits bond market. Bonds will still be available in limited numbers from the society's tied agents.

They have been one of this year's marketing success stories, even though NU cut its bonus twice, from 10.5 per cent in January, through 9.75 per cent, to a new rate of 8.5 per cent. NU was one of the first providers of the bonds and took in about £700m of new business this year alone.This was more than the society could easily accommodate, causing capital strain. As a result, Ron Calver, general manager of UK life operations, said: "Our with profits fund and liabilities are growing a lot faster than our free reserves, and faster than we would like them to. The answer is to pull out of the single premium with-profits market."

Enterprise tax rules relaxed

The Inland Revenue has made the tax rules on enterprise investment more generous. The results should increase the tax shelter opportunities for investors from the zones.

Three changes have been made:

- EZ tax allowances will be extended to people who purchase an unused building after the expiry of the zone's 10-year life.
- Buildings sold within two years of being brought into use will be eligible for EZ allowances – previously, buildings had to be totally unused.
- EZ allowances will be restricted to expenditure incurred within 10 years of the expiry of the zone.

Home Income Plan crackdown

The Securities and Investments Board has moved to tighten the regulation of Home Income Plans. Those HIPs which put money raised from mortgaging a house into investment bonds, which can fluctuate with the stock market, have already been effectively outlawed. Now FIMBRA, the intermediaries' regulator, LAUTRO, the life assurance regulator, the Building Societies Commission, the Building Societies Ombudsman and the Law Society will pool information, and people with complaints can be quickly directed to the right regulator.

Small company shares drop

Small company shares dropped again this week with the Hoare Govett index (capital gains version) falling 0.5 per cent to 1164.74 in the week to December 19 and County's index dropping the same percentage to 939.43 over the same period.

Wall Street

Dow burdened by the weight of history

DULL it ain't. The penultimate week of 1991 is proving almost too much to bear for a Wall Street punch drunk from a year of historic happenings.

It began on Tuesday. While Mikhail Gorbachev was facing up to reality in Moscow and agreeing to the formal dissolution of the Soviet Union on December 31, President Bush was facing up to some cold hard facts of his own. His White House spokesman belatedly recognised what everyone in the country has known almost since the summer, that the US economy is mired in recession.

The next day, the argument that what is good for General Motors is good for America was put to the test. The the country's biggest corporate employer announced plans to close 21 factories and lay off 70,000 blue and white-collar workers over the next three years as part of a desperate attempt to whip the giant carmaker into shape for the increasingly competitive battle with its domestic and Japanese rivals.

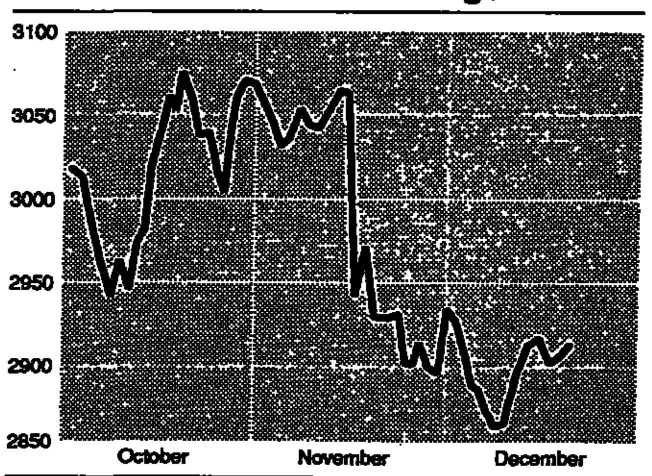
On Thursday, the market's attention switched overseas, this time to Germany where the Bundesbank increased interest rates by half a percentage point, lifting them to their highest level since 1931. The immediate effect on US financial markets was to send the dollar into a downward spiral.

The dollar's decline steepened the next day when the Federal Reserve cut the discount rate from 4.5 per cent to 3.5 per cent, a level not seen since November 1964. The cut had been expected, but not of the magnitude of one full percentage point. It was the first full-point reduction in the discount rate for 10 years, and clear evidence, if any was needed, of the concern among policy makers about the outlook for the economy.

German interest rates at their highest level for two generations? US rates at their lowest for almost 20 years? The significance of such historic numbers did not elude even the most die-hard short-termers on Wall Street, who understand the uncomfortable fact that the US is in the middle of what is turning out to be the longest recession in the post-war era.

Yet, amid all this

Dow Jones Industrial Average



epoch-making gloom, the stock market managed to hold its ground. The belief that things just could not get much worse had something to do with it. Having blithely discounted the first stage of the recession early this year and priced in a solid rebound in growth, the market got its rude awakening in mid-November, when equity values tumbled five per cent in as many days.

Having accepted economic reality, and brought share prices down to more economically justifiable levels, the market is starting again from scratch. Investors now know the full facts: the recession is still here, any sort of recovery is at least two more quarters away, and interest rate cuts have so far not done much good.

There are two reasons why interest rates reductions have not had the stimulative effect the Fed, the White House, and the market had hoped for. One, the sharp drop in inflation over the last year (consumer price inflation in the past 12 months has fallen from 6 per cent to under 3 per cent) has cancelled out the impact of the interest rate cuts. This means *real* interest rates have actually stayed broadly unchanged.

Second, consumers and companies have responded to lower nominal interest rates not by increasing spending and investment, as would be hoped, but by paying down debt. Moreover, any cash left over from deleveraging is being stashed away as insurance against hard times ahead by individuals and corporations chastened by their experiences with debt in the 1980s.

One industry that knows the full meaning of hard times is car manufacturing. General Motors, the one-time flagship of the US economy, has unveiled a drastic restructuring plan that involves closing factories, shrinking its workforce by 18 per cent, cutting capital spending and selling off peripheral assets.

GM's moves were generally well-received in the market, which welcomed them as an overdue but necessary streamlining of a complacent giant in need of an overhaul. The stock even enjoyed a modest fillip the day the restructuring was announced, although at \$27, it still languishes close to its 12-month low and a long way from the year high of more than \$44.

The recent setbacks in the equity market, which in the past month have slowed the steady stream of new stock issues to almost a trickle, claimed a notable victim this week when USX-Marathon, the steel and energy conglomerate, postponed a planned \$600m stock offering that was intended to finance various capital projects worldwide. The company blamed the postponement on poor market conditions.

Monday	2919.05	+ 4.69
Tuesday	2902.28	– 16.77
Wednesday	2908.09	+ 5.81
Thursday	2914.36	+ 6.27

Patrick Harverson

The Bottom Line

Putting a kick into the sock industry

YOU MIGHT BE unlucky enough to find a pair of cute tartan socks in your Christmas stocking. Or perhaps Santa socks that flash red lights and play Jingle Bells when you press a button. You might even be the unfortunate recipient of a pair of sumo wrestler's socks, so beloved by the *FT's* senior foreign staff.

If so, spare a thought for David Parker. This year he got 45m pairs of socks. Or, at least, he got companies which churn out that many every 12 months.

Then again, he has a different attitude from most concerning socks. He is the chairman and managing director of Sherwood Group. His company has, in the space of seven months, has gone from nowhere in socks to the UK's number three behind the textiles giants Coats Viyella and Courtaulds Textiles.

What makes socks so seductive?

"Next to food, sales of low-priced essential clothes are the most resilient," says Parker. "And there is a repeat purchase appeal."

He should know, because his company has been making low-price, repeat purchase lace and lingerie since 1827. It was that dependence on lingerie sales that prompted Sherwood to slide to the other end of the sexiness scale and into the sock business. Last May it spent £11.75m buying Seden Holdings, an upmarket supplier of socks to multiple retailers including Marks and Spencer, BhS and Woolworth.

This week he splashed out another £14.25m on family-controlled Charles W Hall, which has a more budget-priced niche.

These two purchases have taken Sherwood into the big league. The £500m a year UK sock market is dominated by Coats and Courtaulds. They sell under the Byford and Wolsey names and also make own brand products; between them they have more than 60 per cent of the market.

Sherwood is now number three, accounting for around 20 per cent of UK production.


Picture: Trevor Humphries. Socks modelled by Susan Kew

Tom and Jerry musical socks. Press Jerry and he plays *We wish you a Merry Christmas* – again, and again, and again, and . . .

With a market capitalisation of £133m, it is one of the biggest companies traded on the unlisted securities market. Senior staff say a full-listing is planned "sooner rather than later".

Paradoxically, the apparently low tech world of socks is especially suited to domestic manufacture. Making socks is a capital-intensive business. Computer-controlled machines produce tubes of fabric with repeating patterns. The human input is little more than adding the toe pieces and stapling on size and price information.

This is reflected in relatively low import penetration. Non-UK made socks, mostly from Italy, South Korea and Turkey account for only about one third of UK sock sales. For the textile industry as a whole, imports take nearer two-thirds of sales.

Computer-aided design adds to the advantages developed countries have over low labour cost rivals. It means that sock makers can change designs quickly to satisfy both the fickle taste of the consumer and the desire for retailers to keep stocks to a minimum.

Longer term fashion trends have boosted sock sales too. The swing away from nylon and polyester towards natural fibres such as cotton and wool is good news. "They wear out more quickly," explains Parker. "Natural materials mean more repeat sales".

Christmas is a crucial selling period. Sherwood's sock production in November and December is one third higher than for the rest of the year. Sock Shop, the retailer, reports a trebling of sales in November and December.

But the annual blip is just that: the sock business is not a high growth area.

There are a few growth niches. Sports socks is one. But the biggest is in novelty socks. Computer-aided design and manufacture means that designs can be created quickly, reproduced with unprecedented accuracy and completely changed within an hour or two's notice.

The industry is taking advantage of the technology to try to do what some might call the impossible: to make socks sexy. Even the industry concedes it is an uphill struggle. "It's the last thing one takes off," laments one executive.

The priorities of the industry are clear. Helen Gale, marketing co-ordinator at sock maker Pex says: "We feel it is high time men's socks take their rightful place as an important fashion item."

So consumers are destined, or perhaps doomed, to be buyers of an ever-varying selection of designs. UK manufacturers have not hit on sumo wrestling socks yet. But one day, they will.

Daniel Green

FINANCE AND THE FAMILY

A cautious view of 1992

*Investment managers talk to **Philip Coggan** on next year's market prospects*

WHAT WILL happen to your investments in 1992? The rise in German interest rates this week sparked renewed fears that the recession will last longer, and cut deeper, than had previously been expected.

The *Weekend FT* asked six investment managers from large institutions for their views on the prospects for world markets in 1992. But for the gloomiest view of all, we talked to David Kauders, an investment consultant in Taunton, Somerset, who has been a prophet of doom for some time and has been advising clients to buy gilts.

"The year 1992 will probably see policy chaos as the UK and US face elections just as their economies refuse to bounce into life. Should interest rates go up to protect the exchange rate or down to help the building societies? Should taxes go up to finance social spending or down to encourage economic activity?

"I believe these conflicts are insoluble," says Kauders. "And as markets recognise that the global economy can no longer be 'managed' in the post-war sense, so safety and security will attract a premium. Companies will cut dividends to conserve cash. Gilt yields may be relatively low but will go lower once the policy of high real interest rates crumbles.

"Shifting from the easy credit days to a low inflation, debt-averse society involves fundamental changes. We will value different classes of assets more highly. UK property prices and the pound still have to shed the cumulative effect of years of market distortion."

Although none of the institutional experts is as gloomy as Kauders, some share his concerns. One is Michael Hart, joint manager of the Foreign & Colonial Investment Trust, who, however, reaches different conclusions.

"Next year looks like being difficult for the London stock market," says Hart. "Although the Chancellor claims to have spotted the green shoots of recovery, we are probably in the middle of one of the worst downturns since the war. Across a wide range of industries, profits are collapsing and dividends are likely to be cut. Despite the prevailing gloom, I am bullish for the UK stock market in 1992 but it may fall further before it rises.

"High interest rates in Germany are making it virtually impossible for Norman Lamont to deliver lower interest rates at home. The Bundesbank will soon be worrying more about recession than inflation and the chances of eventual easing are good. In the US, interest rates have been brought down massively with little apparent economic effect. Further cuts are possible and President Bush is likely to produce a tax reduction package. The Bank of England is also likely to decide that it has squeezed the economy hard enough.

"Combining these factors with the view that the UK market is relatively cheap, I feel that the All-Share Index could be about 15 per cent higher by the end of 1992. Overseas, my bet is Japan for a good recovery from its present severely depressed levels."

Both David Rosier, chairman of Mercury Asset Management, and Leonard Klahr of Capel-Cure Myers Asset Management expect the UK economic recovery to be sluggish. Says Rosier: "In 1991 stock markets started strongly on expectations of an upturn but ended weakly as the recovery faltered. In 1992 we expect to see the stirrings of recovery but the upturn will be slow and anaemic. We expect that inflation will continue to fall and interest rates decline as governments seek to stimulate growth. The environment will be positive for equities and bonds.

"With a dividend yield of 5 per cent, and inflation falling to around 3 per cent, the UK equity market looks good value, although in the short term politics will dominate. The US market looks expensive against a very subdued economic recovery and fragile consumer confidence. In Europe, the key issue is when German inflation looks like coming under control; interest rates can then fall. This could occur in 1992, and given the modest valuation of European equities, these could be major beneficiaries.

"Low inflation, falling interest rates and a poorish outlook for economic growth provide a favourable background for bond markets."

Leonard Klahr says: "The central issue for financial markets must still be inflation. We take heart from the vigilance shown by central bankers, even though recessive tendencies prevail in the major economies. However, their tough policies have kept real interest rates at high levels and this has been discouraging for both business and consumer spending. This had made it less easy for recovery to take hold.

"In the UK, we look for earnings per share growth of about 15 per cent during 1992. While dividends are likely to grow more slowly than earnings and at a much slower rate than in the past, the UK market is now cheaply valued on both a yield and yield ratio basis.

"During the early months electoral uncertainty could result in nervous markets but we would expect to see the market higher over the year, possibly significantly so if the Conservatives are re-elected."

Dick Barfield of Standard Life

"Valuations in European markets continue to look quite attractive and despite short term difficulties, German unification has considerably enhanced the long term growth potential of German companies. We believe Germany will turn in the strongest performance of the European majors in 1992. We have limited expectations for Japan.

"Finally in the US, where the market looks expensive, we are expecting a significant recovery in corporate earnings and we still believe there is scope for a disinflationary induced re-rating. However, what particularly attracts us to the US is that we expect the dollar to strengthen quite significantly."

Dick Barfield, of Standard Life, argues: "The long running Gatt [General Agreement on Trade and Tariffs] talks could provide the main opportunities and risks for world markets. If Gatt members can finally agree to reduce agricultural subsidies, open up their financial services markets and reduce import duties then consumers will be able to spend more, inflation will be lower and equity markets will be higher. If the talks break down, the danger is that countries could resort to protectionism, leading to lower levels of trade, profits and economic activity.

"In the UK, as we approach the next election, the markets will become increasingly influenced by the opinion polls. It might be appropriate to identify the winners and losers in the event of a Labour victory.

"If Labour won, increased emphasis and expenditure on healthcare, public sector housing and infrastructure is likely to benefit companies in those areas. Increased government involvement would have adverse impact on the privatisation issues (mainly utilities). Tighter controls on corporate activity could damage sentiment towards acquisitive conglomerates. Increased regulation of the mortgage market and general credit advances could adversely affect some financial companies."

Two managers at prominent unit trust groups are probably the most optimistic of the experts we consulted. According to Bruce Russell, senior investment director at Fidelity Investments: "The investment outlook for the year ahead is not as bad as may first appear; prospects for bonds are good, but equities should do even better, particularly in Europe and south east Asia.

"Once the European markets have come to terms with poor results for 1991 and dull prospects for 1992, there is considerable scope for higher equity valuations. When inflationary pressures in Germany subside, interest rates will fall, which could allow equity markets to move ahead strongly.

"In the UK, I am now relatively cautious. Earnings forecasts are still over-optimistic and concern about a change of government will inevitably be a depressant in the first part of the year.

"In south east Asia, growth rates are lower than they were last year, but at 5-7 per cent they are still high."

Simon Walters, investment director of Save & Prosper, is also optimistic, although his expectations are muted for the early months. "In the last six months, three economic patterns have gone wrong. German monetary policy has not eased, Japan's monetary policy has become bone-headed and the US economy refuses to recover. Frustratingly, none of these patterns look like improving over the first quarter and it will not be until the beginning of the second quarter that there should be signs of some relief.

"In the second half of 1992, bullish factors should become apparent, especially a recovery in major economies. We will be closer to 1993 which currently looks quite clearly like a year of good profits.

"The key problem is to assess how weak the next three months could be, and will the subsequent rebound make up for any such weakness? We believe that so much gloom has been expressed recently that share prices by and large know the worst; we also feel that by December 1992 all major equity markets will have comfortably beaten returns on bonds and cash.

"So we would overweight UK, Pacific Basin and European equities and favour the US dollar. For those who insist upon a bond exposure, then we believe this should only comprise European bonds."

Colin Beere

Michael Hart of Foreign & Colonial: "We are probably in one of the worst downturns since the war."

Help for home owners

THE GOVERNMENT tried to resuscitate the housing market this week amid growing fears that the current doldrums might become a catastrophe.

The measures announced by Norman Lamont, the Chancellor, fall into two parts. One set is aimed at staunching the flow of evictions of people unable to keep up with their mortgage payments. He also cut stamp duty for the next eight months to encourage new buyers to step forward.

What does the cut in stamp duty mean in practice? Until Lamont's statement, anyone paying more than £30,000 for land and buildings had to pay 1 per cent of the full price in duty. Those buying houses costing less than £250,000 will avoid that cost between now and August – a saving of just under £600 for first-time buyers purchasing an average property in the south east.

This is not an enormous concession. Prices in the housing market fell 1 per cent in November alone, according to Halifax Building Society. But it will give people the sense of a bargain and encourage them to enter the market more rapidly than they otherwise would.

People who are currently buying a house will have to pay stamp duty as usual but will get a refund from the Inland Revenue after the cut becomes law in the new year.

The timing of the cut is nakedly political. By August, there will have been an election and the new government will have to deal with the sharp decline in the housing market that could follow the deadline.

Further measures could be taken, however. The lenders put forward a scheme this week to revive the market by increasing the £30,000 upper limit for MIRAS to £60,000 for five or ten years.

What the lenders proposed to the government this week was a scheme to "front-load" MIRAS by which the tax concession would be limited to the early years of a first-time buyer's mortgage. We shall have to wait until Budget day to discover whether Lamont has bought the idea.

Preventing 40,000 evictions of people behind with their mortgages should prove politically popular. Several top lenders have money for schemes to help distressed borrowers. However, lenders fear that the schemes could turn out to be "scroungers' charters": they do not want to encourage people to stop paying or switch what money they have to other debts.

The kind of people they want to help are in severe difficulties but have a reasonable hope of eventual recovery. The schemes are not intended to help the unemployed: they should benefit from the direct payment of mortgage interest by the Department of Social Security. However, if their interest is due on a second mortgage, a further advance, or a business loan, such interest will not qualify for DSS payment.

Some lenders were saying privately this week that anyone who pays 50 per cent of their monthly payments, or more, is in no danger of repossession anyhow.

Halifax, Woolwich, National & Provincial, and Bradford & Bingley have put up funds which will enable housing associations or local authorities to buy homes which they can then rent to their former owners or perhaps to other homeless people.

Abbey National is launching a scheme through which it will buy about 1,000 homes and rent them back to their owners.

The rescue schemes are all experimental. If they work, they may not be temporary. Some people may find themselves living the rest of their lives as tenants of their erstwhile lenders. Not really a happy ending, but better than spending Christmas on the streets.

Feature, Page 6, Section One

David Barchard

FINANCE AND THE FAMILY

An empty Christmas stocking

John Authers considers Norwich Union's decision to axe this year's bonus

THERE WAS no Christmas bonus from Norwich Union this year. Instead, investors can spend the festive season digesting the decision by NU, the UK's second largest mutual life office, to slice more than 10 per cent off some of its pay-outs, and ponder the implications for other offices, which announce bonuses next year.

NU's decision has removed much of the pressure for other companies to keep their pay-outs high.

The move by NU had been well-telegraphed, and the company had already gone to some lengths to publicise its changes in asset allocation.

NU believes that this decade will see consistently lower inflation than the 1980s, and that this will lead to yields on bonds coming much closer to the yields on equities. This means increasing its bond holdings – the main with-profits fund is now 16 per cent invested in bonds, having held none at all at the beginning of the year – and scaling down bonuses in anticipation of lower returns.

What does this mean for Norwich Union policyholders? Certainly, you will be entitled to feel miffed if your policy matures next year, and not this. The cuts, on the assumption that regular monthly premiums of £30 have been paid, are as follows:

■ A 10-year with-profit endowment, maturing in 1992, will pay out £7,532, a drop of 9 per cent from this year's £8,241. As long ago as 1985 the pay-out would have been £7,793. This figure assumes the policy was started by a 29-year-old man.

■ A 25-year with-profit endowment, on the same assumptions, would pay £60,073, down from £63,237. The percentage drop, of 5 per cent, is smaller because these policies, unlike 10 year endowments, are still benefiting from years of strong equity growth in the late 1970s.

■ A 10-year pension for the self-employed would pay out £13,775. This is down from £15,634, a thumping fall of 12 per cent. As with 10-year endowments, this is the lowest pay-out since 1984 from Norwich Union. This assumes an annual premium of £500, maturing at age 65.

The package of bonus cuts also ensures lower pay-outs for policies maturing in following years. The bonus structure is complex, but the ultimate effects can still be discerned.

Apart from a "terminal" bonus paid out when a policy matures, life offices also declare "reversionary" bonuses each year which are added to the sum insured by the policy and, once declared, cannot be rescinded. For example, on a policy assuring a sum of at least £10,000 when it matures, the addition of a 5 per cent reversionary bonus would guarantee a pay-out of at least £10,500 on maturity.

Reversionary bonuses have been cut. For unitised business, single-premium with-profits bonds have seen their second cut of the year, from 9.75 per cent to 8.5 per cent. The bonus paid on unitised pensions has dropped from 12 per cent to 10 per cent.

On conventional endowments, this year's bonus of 5 per cent has been cut to 4.5 per cent on the sum assured. However, the structure of these bonuses has been changed; there will now be a 5.5 per cent bonus added to the bonuses already accrued. The effect is to cut the amount paid in bonuses over most of the lifetime of a policy, with the exception of the final years of the policy.

Bonuses on pensions have dropped from 6.3 per cent to 5 per cent on the sum insured. The same restructuring has occurred, with a 6.5 per cent bonus paid on previous bonuses.

This is bad news for NU policyholders. However, it is as well to remember that Norwich still has a strong performance – even the 10-year endowment figure translates into a yield on total premiums paid of 14 per cent per year, which is very respectable.

NU's investment record is much better than average. If nobody else cuts bonuses, it would probably reach its lowest ever position in the *Money Management* tables of pay-outs, accepted as the industry standard. Until now, its strength over a variety of policies has earned it a position in the magazine's "Magnificent Seven" top-paying offices. Does this mean that cuts by other companies will be even worse?

Perhaps not. Nick Dumbreck, an actuary with R Watson & Sons, gives several reasons why NU might be worse affected than its rivals. Its with-profits fund owns a general insurance subsidiary, which has had a bad year. Also, it has a traditionally heavy weighting in property, which has been this year's poorest performing class of asset. Its mutual status, which prevents it from raising capital from outside sources, restrains its room to manoeuvre compared with proprietary life offices such as Sun Alliance or Commercial Union.

However, the broader forces which led to the Norwich Union cut will be felt by its rivals. Philip Scott, NU's senior investment manager, said that these lower returns had to be reflected in bonuses paid to policyholders. He said: "We out-perform in an industry where overall returns need to come down because of the lower inflationary environment. That, we believe, is the fundamental issue for the investment industry."

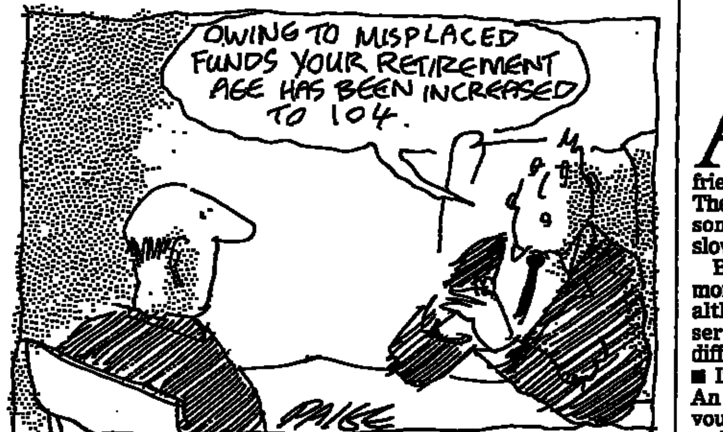
Dumbreck agrees. He said: "Cuts are inevitable. The process of reducing bonuses has started, and will continue. Of greater concern, maybe, will be those life offices who do not cut their bonuses and those who do not have a coherent policy linking bonuses to underlying investment performance."

Bonuses were largely maintained last year, even though 1990 was one of the worst years for equities. Offices will have drawn on reserves to pay bonuses and something must soon give, if people whose policies still have a long way to go before maturing are to avoid suffering.

NU's move seems to follow the call made last year by Scottish Widows, another of the "Magnificent Seven". It cut pay-outs on 10-year policies by 8.6 per cent, and its chief executive warned that other bonuses were "defying gravity".

Policyholders should prepare themselves to return to earth with a bump.

Retirement at 63?



A STATE retirement age of 63 is a strong possibility after the Department of Social Security issued a consultation report on the issue this week.

The problem for the government is twofold: to establish a common retirement age for men and women, and to meet the escalating costs of providing pensions to a greying population. The number of people over state retirement age is set to increase from 10.3m in 1990 to 14.4m by 2034.

Whatever the government decides, it will set the pattern for retirement ages in private industry, and whatever costs are borne by government in equalisation will be mirrored in private industry.

Establishing a common age of 60 would be too expensive, and setting the age at 65 would mean that women would face a further five years of work before they receive their pension. The report appears to favour a compromise age of 63. This would create a small saving for the Treasury and have a neutral effect on the economy. Any change in retirement age would have to be phased in, probably over 20 years.

However, most employers who have equalised retirement ages have done so by raising the age for women to 65. "Setting a state retirement age of 63 would be a pain because so few employers have chosen it," said John Cunliffe, partner at McKenna and Co and a specialist in pensions law. Furthermore, setting the pensionable age at 63 rather than 65 could create difficulties for employers facing a shortage of workers in 20 to 30 years.

The report examines a flexible "decade of retirement", which would allow people to retire at any time between 60 and 70. But it highlights the complexity of such a scheme and says costs are likely to rise since most people would retire at the earliest moment.

But flexible retirement ages are what industry wants most, and many employers offer a version of them, according to Paul Greenwood, research actuary at Mercer Fraser, the actuarial and consulting firm. However, most employers who offer them require each employee to seek permission before retiring early.

The drawback for genuinely flexible schemes would be that employers could find themselves stuck with a need to make a large contribution to the fund if large numbers of workers suddenly decided to retire at the earliest opportunity. For the state benefits, where current retiree's benefits are paid by those in the workforce, this would require an increase in National Insurance contributions.

British Rail, the UK's fourth largest pension fund, has operated a flexible pension scheme for nearly two decades. It allows men and women to retire at their own option anywhere from age 60 to age 65 with no loss of pension rights, although those who retire earliest receive pensions based on a somewhat lower final salary.

Alex McKinnell, BR's pensions policy adviser, said pension contributions assume an average retirement age between 62 and 63 – and retirement assumptions are reviewed by actuaries every three years. The pension fund has found itself easily able to finance the flexible retirement ages while offering equal benefits to men and women. If the state set its own retirement age at 63, it is likely that fewer people would choose to work beyond that age, thus requiring somewhat higher contributions to the pension fund.

Philip Coggan and Norma Cohen

How to . . . send money abroad

Overseas funding

AS CHRISTMAS approaches, many people will be trying to send cash to friends and relatives overseas. They are likely to come across some relatively cumbersome, slow and costly procedures.

Banks will offer to transfer money in four principal ways, although not all offer every service and they are given different names by each bank:

■ International money order: An internationally-recognised voucher prepared by the bank and given to the customer to send by post, redeemable for cash in the local currency on proof of identification. Barclays charges £7 up to the first £1,000 and £11 above that to the maximum of £5,000.

■ Bankers draft: A cheque drawn on the bank in the local currency, which the customer sends directly by post. Barclays charges £11 for a draft of up to £5,000. NatWest charges 40p per £100, between £15 and £50. Midland charges 0.5 per cent of the value, between £10 and £30.

■ Mail payment: The bank prepares a draft and sends it through its own distribution system to a nominated foreign bank, which may take several days. Barclays charges £11 for sums up to £4,400 and 25p for each £100 above that up to a maximum of £32. Midland charges 0.3 per cent of the value transmitted, between £11 and £30.

■ Priority payment/telegraphic transfer: The bank transmits money electronically to a bank overseas. The process may still typically take two days. Barclays charges £11 for sums up to £4,400 and 25p for each £100 above that up to a maximum of £32. NatWest charges 27.5p per £100, with a minimum of £12 and a maximum of £35, with payment within 48 hours. The same rates, with a minimum of £15, allow transmission within 24 hours. Midland charges 0.3 per cent of the sum, between £15 and £30.

There may be additional charges in each case, borne either by the sender or the recipient, charged by the local agent in the country receiving the payment.

Not all banks will serve those other than their own customers, even with cash payments. This may ensure that any drafts that go astray can be traced to the sender.

Given a combination of internal mail systems, electronic delays and the potential processing problems by recipient banks in the country of destination, the quickest way to send money may be by obtaining a draft or money order and using a courier service rather than transmitting payments through a bank. However, most banks claim to have discretionary arrangements which will allow more rapid transmission in cases of extreme emergency.

They all recommend against sending cash or travellers' cheques by post, which if they are mislaid offer little prospect of reimbursement. "What we discourage is sticking a few £10 notes in an envelope and hoping for the best," says Dan Brockbank from NatWest. "There are so many imponderables, even when using registered post."

Alternative ways to send money include Western Union and American Express. Each will transmit money to their branch offices anywhere in the world. Western Union has a sliding scale starting at £8 for the first £25 transmitted. The recipient can collect the money from their nearest branch with identification.

The banks and other transfer agents may have upper limits. They are certainly likely to subject large sums to greater scrutiny, under their legal obligations to prevent money laundering.

An alternative is to send a personal cheque to the recipient. "That is painless for you, but involves a fair bit of pain for the recipient," says Brockbank. NatWest, for example, charges £4 to cash a personal cheque up to £100 from a foreign bank.

Within participating countries, Eurocheques are another possibility. NatWest charges £8 per year for the Eurocheque card, and 1.6 per cent of the amount on the cheque, with a minimum of 80p.

Still more devious ways might include using the London headquarters of a bank based in the country to which money is being sent. However, those from less developed countries may have more cumbersome transmission systems.

Andrew Jack

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Ashley (Laura)	10,000,000	8,200	1
Boxmore	100,000	245	1
Euromoney Publ	314,032	1,573	7*
Evans of Leeds	45,360	61	1*
Hewitt (J) & Sons	78,000	98	1
Johnson Matthey	4,750	15	1
Leslie Wise	300,000	176	1
London Intl	78,600	225	1*
Mercury Asset Mngt	106,710	860	2*
Prestwick Holdings	100,000	65	1
Psion	20,000	28	2*
Rathbone Bros	5,000	19	1
Tilton	160,000	139	2
Warburg (SG) con df	10,000	26	1
PURCHASES			
Aegis Group	25,000	27	1
Albert Fisher	20,000	13	2
Astec	100,000	11	1
Avesco	251,000	48	1
BPB Industries	36,036	52	3
Cannon St Inv	150,000	33	2
Cookson	100,943	100	1
Delaney	300,000	15	1
Great Portland	510,000	766	2
Hewitt (J) & Sons	70,000	98	1
Instem	29,500	21	3
Legal & General	5,698	20	3
Leigh Interests	12,000	29	2
Lucas Ind	21,808	26	1
LWT (Con.Cum.Pref)	15,000	33	1
Racal	2,500,000	1,287	9
Venture Plant	1,700,922	43	2
Vistec	750,000	96	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 9-13 December 1991.

Source: Directus Ltd, Edinburgh

THE LAST time directors of Racal Electronics purchased shares was just prior to the bid for the group by Williams Holdings. These purchases, which represent a remarkably large amount of money, obviously suggest that they believe the current bid undervalues the group and are prepared to put their money where their mouths are. Not shown is the quantity of buying by directors of subsidiary companies, again substantial.

Richard Oster, managing director of Cookson Group has acquired a further 100,000 shares, following a purchase of 40,000 three months ago. This effectively doubles his holding. Sizeable buying has also taken place in Great Portland Estates, where readers of this column would have noticed Richard Peskin buying earlier in the year. Along with the rest of the property sector, the Great Portland price has been depressed, and this latest purchase is by far and away the largest to date.

Most of the substantial sales are option related, although that in Laura Ashley stands out. Sir Bernard Ashley's sale reduces his family's holding to 53.2 per cent and coincides with his decision to give up the chair. The stock was placed with institutions.

Angus MacDonald, Directus Ltd

Taking the right option

COMPANIES offering share options to senior executives had better make sure they get everything right first time – they will not be allowed subsequently to rejig the terms.

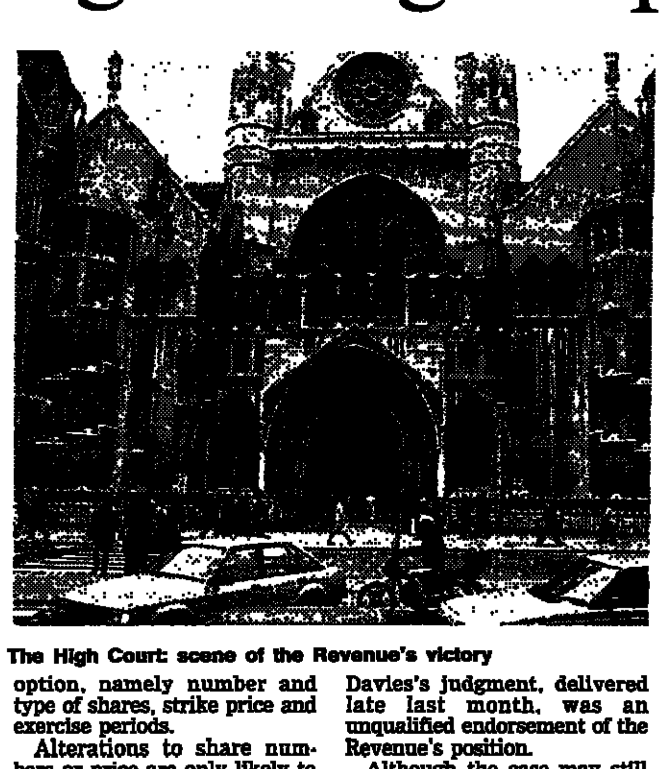
That is the clear message which emerges from an Inland Revenue victory in the High Court last month. But exceptionally the Revenue is now giving the green light to one particular amendment which is needed to keep employers on the right side of European law.

A share option is a right to buy a company's shares in the future, at a price which is usually fixed when the option is first granted. The vast majority of such options are within the framework of schemes approved by the Inland Revenue. Such schemes enjoy privileged tax status and, in return, must meet statutory guidelines, one of which is that the price payable for the shares must not be less than the market value at the grant date.

An approved option can remain exercisable for up to ten years – giving ample time for changed commercial circumstances to prompt second thoughts about option terms. But the Revenue has always firmly rejected the notion that options can be altered in the optionee's favour after grant.

The taxman's logic is that a beneficial change will be tantamount to the creation of a new right. So the option price would have to be at least as high as the current market value. In practice the price will almost invariably have risen – otherwise the employer would simply replace the old option with a new version incorporating the improved terms.

After an unyieldingly negative stance over several years, the Revenue has conceded that some changes are so trivial that they can be disregarded. But this more liberal approach did not extend to amendments which impinged on the fundamental characteristics of an option, namely number and type of shares, strike price and exercise periods.



The High Court: scene of the Revenue's victory

Alterations to share numbers or price are only likely to be contemplated following a change in the capital of a company, such as a bonus or rights issue – and scheme rules will normally include an automatic adjustment mechanism to deal with such circumstances. So the most frequent objective of frustrated rule changes will be to extend the times when options can be triggered.

The Revenue was forced to put its views to the judicial test against Eurocopy, a photocopier company, which had granted substantial options in 1987 at 10p per share. These rights were not due to be exercised until 1996, but in 1988 with a public flotation imminent at 95p per share, Eurocopy decided to bring the trigger date forward to 1993.

This proposed three-year acceleration fell foul of Revenue principles and litigation ensued. Mr Justice Mervyn Davies's judgment, delivered late last month, was an unqualified endorsement of the Revenue's position.

Although the case may still go to a higher court, the Revenue's victory emphasises the importance of drafting option rules flexibly and making provision for as many contingencies as possible. There is no reason, for example, why scheme rules should not allow optionholders to exercise prematurely in the event of a flotation or takeover. Termination of an optionholder's employment can also be covered in a way which leaves room for manoeuvre.

None of these drafting strategies will raise any Revenue hackles – *provided* everything is put in place before options are granted.

Although the Revenue's view of UK law has been vindicated, it seems as uncertain as everybody else about the impact of European law.

Following last year's landmark Barber decision, in which the European Court outlawed different pension ages for men and women, the British government took action to remove any possible discriminatory tinge from share incentive law. The potential lawbreaker was the rule allowing participants in company-wide profit sharing or SAYE option schemes to cash in their rights on reaching state pensionable age, 60 for women and 65 for men.

This year's Finance Act sweeps away the problem for the future by replacing state pension age with a unisex age – between 60 and 75 – to be specified by the employer. But since the change only applies to schemes set up after July 25 this year the thousands of earlier arrangements appeared to remain vulnerable to any extension of the European Court's Barber onslaught.

Although UK law leaves companies with established schemes no choice but to carry on discriminating, the Revenue has now indicated that it may be prepared to consent to a rule change which removes the offending wording and replaces it with the new common retirement age.

This breach of domestic statute will be endorsed by the Revenue provided the applicant has been advised by its own lawyers that the change is necessary to avert an infringement of Community law.

The taxmen's justification for this buck passing is that they "are not and do not pretend to be experts" in European discrimination law. Experts or not, that approach is in stark contrast to the Revenue's confrontation of Eurocopy. As an example of the Revenue allowing UK tax law to be flouted it may be a sign of things to come.

David Cohen

■ *David Cohen is a partner in the City law firm of Paisner & Co.*

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
AmBrit	5½*	7½	4	3.61	Pittencrieff
Atlantic Res	2.15	2	2.25	5.70	Conroy Pet
Baker Harris	74¼	70	53	9.75	Herring
Beazer‡	105½§§	115	83	296.92	Hanson
Cityvision	48* ◆	48	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ◆	88	68	7.1	Blockbuster UK
Edbro ‡	270*	265	140	24.22	Merrel
Geers Gross	35*	34	33½	5.30	Publicis
Harrison Inds	9.2	65	59	11.22	Antares ♣
Hawker Siddeley‡	716§ §§	716	640	1.42bn	BTR
Do. 5.5% Cum Prf	82*	75	63	4.89	BTR
New England Props	16¼§ §§	16¾	14	11.39‡	TR Prop Inv Tst.
Racal Elect.	54¾§ §§	49	61	758.29	Williams Hldgs.
Ritz Design‡	197††	197	185	17.76	Stirling Group
Security Archives	276*	272	234	17.66	Brambles Inds.
Steetley	354.50	335	274	554.01	Redland
Sterling Trust	41*§	59	56	10.79☆	Robert Fraser
Sun Life Corp‡	1160*§	1146	1138	316.96♣	Rockleigh Corp.
Tellos‡	115*	113	63	46.02	Jenbacher
Ultramar	263§§	259	277	9.73	LASMO
Wilding Office Eq	19	19	27	3.53	Pentos

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 20/12/91. †At suspension. §§Shares and Cash. ‡ For 70.18% not already owned. ♣ For 40.2% not already owned. ◆ Or alternative of 1 Blockbuster share valued at 50p for each Cityvision ord. share, and at 83p for each Cityvision pref. share. ♣ Reverse takeover. ☆ For 49.5% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbey Panels Inv.	Sept	234 L	(1,490)	-	(38.4)	-	(3.5)
Bankers Investment	Oct	5,380†	(5,020†)	3.44	(3.21)	3.2	(2.78)
Berisford Int'l.	Sept	20,500 L	(96,100L)	-	(-)	-	(-)
Carr's Milling Inds.	Aug	228 L	(516)	-	(36.0)	3.9	(7.5)
Chemring	Sept	4,720	(3,970)	68.6	(48.6)	29.65	(26.95)
Daily Mail & Gen Tst.	Sept	47,700	(44,200)	338.5	(331.3)	119.0	(110.0)
Dakota Group	Sept‡	1,180	(1,520)	3.1	(4.4)	1.1	(1.1)
EFG	Sept	2,200 L	(84 L)	-	(-)	-	(-)
Electra Investment	Sept	11,100©	(14,300©)	7.35	(9.46)	6.4	(6.1)
Electronic Data Pro.	Sept	4,080	(2,100)	32.83	(17.38)	4.25	(3.0)
Gestetner	Oct	22,500	(52,100)	11.7	(26.7)	8.2	(8.1)
GPG	Sept	10,800	(4,700)	3.38	(1.49)	-	(-)
Greencore	Sept	25,300‡	(23,500‡)	27.61	(-)	4.5	(-)
GWR Group	Sept	338	(512)	7.2	(10.6)	4.0	(6.0)
Haemocell	Aug	1,750 L	(883 L)	-	(-)	-	(-)
Hardys & Hanson	Oct	7,040	(6,340)	96.3	(81.8)	37.5	(33.5)
Hoskyns	Oct	14,300	(17,300)	10.5	(13.0)	2.4	(2.4)
Lee (Arthur) & Sons	Sept	861	(5,120)	5.52	(11.04)	5.9	(5.9)
Lovell (YJ)	Sept	20,300 L	(19,400)	-	(23.9)	2.2	(8.95)
Neotronics Tech.	Sept	2,620	(2,710)	7.26	(6.96)	2.52	(2.4)
NFC	Oct	93,700	(97,700)	13.6	(13.6)	6.25	(5.65)
Polar	Sept	917	(1,320)	7.4	(10.4)	4.5	(4.5)
Prospect Industries	Sept	3,530	(478)	2.68	(0.59)	0.4	(0.2)
Sanderson Electronics	Sept	2,400	(3,300)	19.2	(24.8)	5.4	(8.7)
Shaftesbury	Sept	12,800 L	(6,170 L)	-	(-)	-	(-)
Strata Investments	Oct	237†	(278†)	1.4	(1.32)	1.4	(1.32)
Teredo Petroleum	Sept	407	(120)	1.3	(0.4)	-	(-)
Thornton (GW) Hldgs.	Sept	1,610	(1,350)	15.6	(13.0)	5.5	(4.75)
United Scientific	Sept	6,030	(2,160)	3.4	(-)	2.2	(2.0)
Wilding Office Equip.	Sept	3,150 L	(2,940 L)	-	(-)	-	(1.8)
Yorkshire Electricity	Sept	33,100	(28,300)	11.5	(10.2)	-	(10.81)
Yorkshire TV.	Sept	13,100	(18,400)	22.9	(32.5)	12.0	(12.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abtrust New Dawn	Oct	110†	(62†)	-	(-)
Abtrust Preferred	Nov	1,090	(-)	5.81	(-)
Amberley Group	Sept	75	(133)	-	(-)
Andrews Sykes	Sept	519	(2,010)	1.4	(1.4)
Astra Holdings	Sept	3,500 L	(2,470 L)	-	(-)
Border Television	Oct	509	(312)	1.1	(0.88)
Boscombe Property	Sept	183	(125)	80.0	(40.0)
Brasway	Nov	708	(650)	0.24	(0.24)
Bristol Water	Sept	2,570	(-)	6.8	(-)
BB&EA	Sept	397 L	(115 L)	-	(0.5)
Bromsgrove Industs.	Sept	3,500	(4,110)	1.5	(1.45)
Classic Thoroughbred	Jun	1,600 L	(2,530 L)	-	(-)
Clayhithe	Sept‡	241 L	(2,510)	0.75	(1.8)
Cont. Stationery	Sept	657	(834)	0.8	(1.2)
Control Securities	Sept	4,380	(14,500)	-	(0.55)
EFM Income Trust	Oct●	123†	(-)	2.4	(-)
Eidos	June	169 L	(61 L)	-	(-)
EIT	Sept	99 L	(128 L)	-	(-)
Ensor Holdings	Sept	294 L	(331)	-	(1.25)
Faupel Trading	Sept	611	(609)	1.85	(1.85)
First Technology	Oct	83	(836 L)	-	(1.0)
Firstland Oil	Jun	455 L	(219 L)	-	(-)
For/Col Smaller Co.	Oct	1,300†	(1,040†)	0.65	(0.6)
Gibbs Mew	Sept	503	(568)	3.0	(3.0)
Gold Greenlees Trott	Oct	2,970	(2,240)	3.3	(3.3)
Graig Shipping	Sept	1,700	(666)	2.0	(1.0)
Halma	Sept	6,710	(6,230)	0.863	(0.69)
Harmony Leisure	Sept	445 L	(190 L)	-	(-)
Harris (Philip)	Sept	624	(459)	2.0	(2.0)
Hobson	Sept	42 L	(89 L)	-	(-)
I&S Optimum	Nov	1,140†	(1,290†)	3.6	(3.45)
Melville Street	Oct	384	(559)	1.5	(1.5)
MFI Furniture	Nov	11,500 L	(16,000L)	-	(-)
Mosaic Investts.	Oct	3,240	(3,350)	3.75	(3.5)
NMC Group	Sept	2,290	(4,010)	1.25	(1.25)
Northumbrian Foods	Sept	253	(365 L)	0.75	(0.75)
Richmond Oil & Gas	Sept	23	(1,020 L)	-	(-)
Smith (David S)	Oct	3,100	(13,100)	2.75	(2.75)
Southern Electric	Sept	13,700	(3,200)	4.9	(-)
South Wales Elect.	Sept	20,700	(12,600)	5.8	(-)
Sterling Industries	Sept	1,590	(1,990)	1.5	(1.5)
Swan (John) & Sons	Oct	167	(133)	-	(-)
3i	Sept	20,000	(28,000)	3.3	(3.3)
Tinsley Robor	Sept	398 L	(431)	-	(0.75)
TR Technology.	Oct	2,340	(2,540)	-	(-)
Trimoco	Sept	254 L	(1,700)	0.6	(0.6)
United Industries	Oct	609 L	(693)	-	(0.5)
Westport	Oct	373 L	(14)	-	(-)
Worthington Group	Sept	244	(234)	0.3	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Net revenue. ‡ = This years figures for two months. ● = Figures for 8 months. ‡ = Irish pounds & pence. © = Attributable profits.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Sherwood Group is to raise £10.5m via a placing of new shares at 675p.
Storm Group is to raise £3.27m via a placing and open offer of 25.15m shares.
Wilton Group is to raise £1.59m via a placing and offer.
Young Group is to raise about £5.4m via a placing and open offer of 5.71m convertible preference shares.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Dwyer	Monday	1.5	2.5	1.5
INTERIM DIVIDENDS				
Caspen Oil	Monday	-	-	-
Jones & Shipman	Friday	1.0	-	-
Northamber	Monday	-	2.5	-
Radiant Metal Finishing	Monday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

They met triumph and disaster . . .

*. . . but Mr Smug and Mr Sad did not treat them both the same, say **Philip Coggan** and **Scheherazade Daneshkhu***

THIS IS the story of two investors: Mr Smug and Mr Sad. They participated in the investment triumphs and disasters of 1991, but Mr Smug made all the profits and Mr Sad took all the losses. On Christmas Day, Mr Smug will be toasting his health in champagne; Mr Sad will be stuck with low-alcohol lager.

They started the year with similar aims. Aware that all their investment eggs should not be kept in one basket, they spread their portfolios wide.

Mr Smug, for example, took advantage of the high interest rates last January to invest £20,000 in a one year guaranteed income bond from Acuma. The bond paid 10.78 per cent, net of basic rate income tax, and so Mr Smug could be complacent about the subsequent falls in interest rates.

Alas, Mr Sad put his £20,000 in a deposit account with the Bank of Credit and Commerce International, which was shut in July. That could mean a loss of as much of £5,000, depending on how successful the liquidators are at recovering the bank's assets. Only 75 per cent of a deposit of up to £20,000 is covered by the deposit protection scheme – which means that the maximum compensation Mr Sad can receive is £15,000. He may have to wait a while even to receive that.

Having read all the newspaper coverage last year, Mr Smug decided to open a Tax Exempt Special Savings Account (Tessa). Of course, he picked the best performing Tessa of the year, that from the North of England Building Society, which has so far turned his £3,000 into £3,435.84.

Mr Smug has also kept a £40,000 portfolio of index-linked and fixed rate National Savings and index-linked gilts. It is not going to double his money overnight but nearly all the return is tax-free.

Mr Sad thought Tessas and National Savings were boring ideas, because of the five year wait involved and the sober returns on offer. He preferred to play the stock market instead, following the philosophy that companies once strong but now weak are a good buy for the future.

He had £10,000 of shares in each of four sectors – Asda, the supermarket group, TVS Entertainment, oil group Kelt Energy and Rosehaugh, the property group. He knew that Asda's 1989 purchase of over 60 Gateway food stores for £704m had put the company into trouble but hoped to see a recovery this year. Instead, Asda struggled with debts of £1bn and its share price plummeted over the course of the year, despite Asda obtaining approval for a £375m rights issue in October.

TVS Entertainment, the ITV company for the south and south-east, lost its franchise this year and its share price fell by over 90 per cent, while Kelt Energy showed little sign of recovering from its 1988 takeover of Carless – its shares also falling by 90 per cent. It was another bad year for property and few groups fared worse than Rosehaugh which saw its share price fall by 87 per cent from the beginning of the year. Mr Sad's £40,000 worth of shares are now worth £6,500.

Each bought holdings in a unit and an investment trust, with the aim of getting a diversified equity holding. Mr Smug bought units in the Framlington Health fund which earned him a profit of 94.7 per cent (offer-to-bid with income reinvested) over the 12 months to December 2. But Mr Sad opted instead for MGM Special Situations Growth which earned him a loss of 28.3 per cent over the same period.

Mr Sad's woes will have been compounded this year by his usually lucrative position as a Name at Lloyd's of London . . .

It was the same story with their investment trust holdings. Mr Smug put his funds into the Latin American Investment Trust on the grounds that it was an area of emerging economies which might offer growth if he held it for the long term. It is a volatile investment area but it performed very well this year and Mr Smug made a profit of 107 per cent over the 12 months to November 30.

Mr Sad decided against venturing overseas and decided to buy into a UK investment trust, Gresham House. But the trust, which concentrates on property and small unquoted companies, was forced to make heavy write-downs of its assets during the year. The £1,000 he invested was worth £71 by the end of November.

Mr Sad's woes will have been compounded this year by his usually lucrative position as a Name at Lloyd's of London helping to underwrite the insurance market. The past couple of years have been bad for Lloyd's Names but the balance was tipped this year when Lloyd's faced overall losses for more than 20 years. The worst loss for Mr Sad was in the syndicates managed by the Feltrim Underwriting agency.

Feltrim, whose 1988 results were published in June, has been hit hard by the October 1987 storms, the Piper Alpha oil rig explosion and other big claims. The 1988 losses were £48.5m and further losses are mounting for 1989 and 1990. Mr Sad's commitment with Feltrim was £30,000 and he ended the year hoping that the losses of over £100,000 that he faces is offset by gains through other syndicates.

All his financial problems meant that Mr Sad's mortgage payments began to loom large. He had taken out a two year fixed rate Halifax mortgage at 13.35 per cent in September 1990 so he missed out on all the interest rate falls this year.

Mr Sad reluctantly decided he would have to trade down his house bought for £250,000 in mid-1989. He had thought the housing market would improve during the year but a shortage of buyers meant that he reluctantly had to accept an offer of £200,000 in October. He bought his new house before this week's cut in stamp duty, so he missed out on the saving.

Mr Smug, in contrast, took a holiday in Hong Kong late in 1990 and was so impressed by the colony's vitality that he bought a flat there. Residential property prices have risen by 40 per cent in Hong Kong this year.

The years have been so hectic for both that they are contemplating retirement. Mr Smug works for ICI, which took steps to safeguard the rights of its pensioners after conglomerate Hanson bought a 2.8 per cent stake this year.

Mr Sad, inevitably, is an employee of Maxwell Communications Corporation, and his pension appears in jeopardy after it was revealed last month that the late Robert Maxwell had removed certain monies from the company's pension fund. MCC has now gone into administration.

Still, at least they should have been equal when they went to buy their Christmas presents. Alas, fate had one last cruel trick to play. Mr Smug has acquired a Co-operative Bank Visa Gold credit card which guarantees never to levy any charges during the lifetime of the holder. Providing he pays his bills in time, which of course he does, it will effectively cost him nothing.

Mr Sad tried to pay with his American Express card, which charges £37.50 a year and which some retailers will no longer accept. "Sorry sir" said the assistant. "That won't do nicely."

Expatriates/Caroline Garnham

Another side of the coin

THE LAW on domicile is set to change, as Donald Elkin explained in the *Weekend FT* last week. As a consequence many people currently living tax free in the UK would become liable to UK tax for the first time.

If you are a non-UK domiciled person living in the UK it is possible to organise your finances to avoid income tax, capital gains tax and inheritance tax on everything other than UK source income.

This is because non-UK domiciled individuals living in the UK are taxable only on their UK wealth and on income and gains brought into the UK. There are well established ways of keeping wealth out of the UK and bringing in only tax free sums.

The domicile laws are considered by the Law Commission to be outdated and should be changed to mirror the greater mobility in the world.

It is recommended that domicile of origin should be abolished. Domicile of choice should be made easier to trigger and should take on a greater significance.

Those living tax free in the UK should be not concerned about the changes in the law on domicile of choice. The proposed legislation is quite straightforward. It simply says that "an adult acquires a domicile in another country if he is present there and he intends to settle there for an indefinite period."

If this became law, and you wished to retain your non-UK domicile status, you would have to be clear about when and under what circumstances you intended to leave the UK. The old game of buying a burial plot in the country of your origin is unlikely to be sufficient evidence to preserve your privileged status.

If you are concerned that you will not be able to maintain your non-UK domiciled status after the new legislation has been introduced you should give some thought as to what you can do immediately.

On the issue of inheritance tax, if you set up an offshore structure now, while you are non-UK domiciled, it should allow you to exclude your non-UK wealth from inheritance tax even if your domicile changes in future. However, any such structure may not be effective to protect you from future capital gains or income tax after you have become UK domiciled.

There is, of course, another side to the coin. Hundreds of UK expatriates may be able to argue that they have abandoned their UK domicile of origin and have settled for an indefinite period abroad.

If you are able to convince the Inland Revenue that you are no longer UK domiciled you will then be outside the UK tax net for income, capital gains and inheritance tax, regardless of whether or not you are technically resident in the UK, provided you keep your wealth outside the UK.

Mr Brown, for example, was born and brought up in Yorkshire. In 1967 he went to live in Saudi Arabia where he settled and made his fortune. He still follows English cricket and talks lovingly about his childhood in Yorkshire. He would love to buy a house in his old home town, but is being consistently told that he should not because he would become liable to UK tax on his worldwide wealth.

Under the new rules, however, assuming that he can convince the Inland Revenue that he settled in Saudi Arabia with a view to staying there for an indefinite period, he could buy his house in the UK and will pay tax only on his UK wealth and income and gains brought into the UK. His worldwide wealth would remain immune. Certainly Mr Brown would welcome the changes in the law of domicile.

There are no doubt others who would think of emigrating after the changes are implemented, especially if the Labour party gained power. But before you sail into the sunset be careful where you decide to go: the rules for local domiciliaries of other countries can be far more onerous than those in the UK.

■ *Caroline Garnham is a tax lawyer with London solicitors Simmons & Simmons.*

Talking to solicitors

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I HAVE had substantial correspondence with an individual and his solicitor regarding the ownership of a passenger vehicle which is the subject of a Finance Lease Agreement. The matter is not yet resolved.

The solicitor has now written to me and I quote: "We will not therefore be responding to any further correspondence which we may receive from you. However, we would be prepared to consider any views which may be put forward by solicitors acting on your behalf provided that those views are supported by legal authority."

Is it Law Society policy for solicitors to say, in effect, you must employ another solicitor to obtain replies to correspondence?

■ No, the Law Society has no such policy, and the attempt to require you to employ a solicitor is contrary to proper practice. You should write again to the solicitor inviting him to accept that you are fully entitled to conduct the matter on your own behalf: if he does not accept that, or fails to reply, you may wish to take the question up with the Solicitors' Complaints Bureau.

Share losses

I HOLD shares in two companys which at the moment are suspended from the market. I wish to establish a loss on these shares and I would be grateful for advice as to how this can be accomplished.

■ If you consider that the value of either or both of the shareholdings has become negligible (and your net taxable gains for 1991-92 will be high enough to absorb either or both of the potential allowable losses on the suspended shares), then you should write to your tax office along the following lines on April 1 1992 or shortly afterwards (not before April 1, but in time for your letter to reach the tax office by Saturday April 4.):

"In accordance with section 22(2) of the Capital Gains Tax Act 1979, I claim that the value of my holding of . . . has become negligible, namely . . . , and that I should therefore be treated as if I had sold that shareholding today, April . . . 1992, for that sum and had immediately reacquired it for that same sum, in circumstances falling outside section 66(1) of that Act."

If, on the other hand, you do not consider that the value of one or both of the shareholdings has become negligible, you will only be able to establish an allowable loss (whilst the suspension continues) if you can find a purchaser who is not a "connected person" as defined in section 63 of the Capital Gains Tax Act 1979.

In a local reference library you can look up sections 22(2) and 63 of the Capital Gains Tax Act 1979 in, for example, the British Encyclopedia, British Tax Legislation or Simon's Taxes.

Estate interest

I AM an executor taking the lead in dealing with an estate with a fairly straightforward and simple will. The minor bequests have been dealt with, the bungalow and shares sold and I am awaiting final confirmation from the tax people as to whether there is any further tax to be paid before sharing out the residue of the estate between the six main beneficiaries. Death occured in February and therefore tax was based on the value of all of the assets at that date minus expenses incurred in burial and dealing with the estate.

However, between that date and now, and continuing until the estate is dispersed, interest running into several thousand pounds has been earned via the bank accounts and dividends on the shares up to the time of their sale. All of this income has been after tax at the basic rate. The beneficiaries vary in their marginal rates of tax from one who has not used up her personal allowance, through others at basic rate and others whose marginal rate is 40 per cent.

Should I, as executor, tell these beneficiaries what part of their inheritance arises from these earnings taxed at the basic rate? If so, can the person who has not used up her personal tax allowance claim a refund and will the person on 40 per cent tax have to pay more?

■ Your duty as executor does not extend beyond administering the estate and giving the beneficiaries such information as to transactions in administering the estate as may be relevant to their legacies. You should therefore inform those who receive legacies what tax has been paid, and on what basis. It is for an individual beneficiary to make his or her own appraisal of how that impacts on that individual's own tax position.

THE BEST RATES FOR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	*Eclipse*	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Heart of England BS	Election Bond	0926 405488	Elec Day	£5,000	12.00%	OM
Bristol & West BS	Bonus Interest	0272 294271	1 Year	£25,000	12.25%	OM
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
Darlington BS		0325 487171	5 Year	£1	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	*Current Acc*	*091 285 7191*	*Instant*	*£25,000*	*10.71%*	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719698	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	*Intl Bond II*	*0481 720609*	*30.11.92*	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	9.00%	Yly
Canterbury Life FN		0227 457375	2 Year	£5,000	8.75%	Yly
Financial Assurance FN		081 367 6000	3 Year	£5,000	9.25%	Yly
Financial Assurance FN		081 367 6000	4 Year	£5,000	8.95%	Yly
Providence Capitol FN		0256 768 888	5 Year	£25,000	9.35%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

Table covers major banks and building societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed= Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

MINDING YOUR OWN BUSINESS

Recession strips the gilt from restoration

Nick Garnett visits a couple who found that business management was another craft they had to master

"THE idea is to try and hold on tight until the boom time comes back again." Frances Binnington articulates a hope many tiny companies nervously grasp as the recession pounds away at trade.

As furniture restorers, gilders of furniture and glass, and teachers of the ancient technique of laying down silver and gold leaf, Frances and her husband, Peter, run a business that should be less sensitive than many to the stresses induced by the present economic climate. But its turnover slumped to £138,000 in the year to April from £210,000 during the previous 12 months. A precariously under-capitalised company, its profit of £4,000 tipped into a loss of £20,000.

Part of this slide in income was caused by staffing headaches and the distraction of a family bereavement, the kind of blows small operations are prone to.

Some of it though resulted from shrinking demand for restoration and repair work from both private furniture owners and antique dealers.

"The antiques trade has collapsed," says Frances. "I don't know how many businesses have gone to the wall. Fortunately, we didn't do that much for the trade but a lot of restorers dependent on them are in trouble."

The Binningtons, who met at art school in the 1960s, have created an interesting business over the past ten years operating from a converted house in south west London. Transformed into workshops and an office, the building with its cluttered work tables, banks of tools, lumps of furniture in various levels of disrepair, mirrors and glassware in different stages of gilding resembles a craftsman's lair crossed with a sixth form art class.

Furniture restoration usually accounts for the bulk of turnover and includes everything from re-attaching a leg on a modern table to complex replacement of wood, veneers and marquetry on an 18th century Gothic-style sideboard.

"We cannot do anything for less than £25," says Peter, a member of the British Antique Furniture Restorers Association.

Lack of humidity in centrally heated homes and the damage this wreaks on wood is what is keeping the business going and the Binningtons employ three young but trained restorers to help them.

Frances taught herself gilding in the early 1980s and this forms a growing, if still small, element of the business. The exception to this was 1988 and 1989 when the couple won a large contract to re-gilt the entrance to the ballroom of London's Park Lane Hotel. Four gilders were temporarily taken on to do that job.

Gilding wood involves coating it in several layers of gesso, a chalk and glue mixture. This is smoothed, covered with a clay and glue mix and then red clay with glue. The precious metal is laid on with water, which reactivates the glue, and then burnished with agate, a hard stone. Frances, a member of the Association of Design and Arts Studies also practices what is called *verre eglomisé*, the art of laying engraved gilding on the back of glass. This technique uses a gelatine glue.

Precious metal leaf includes gold, silver and palladium. Each leaf is just one 250,000th of an inch thick, so thin it disintegrates if handled clumsily. A book of 25 tiny gold leaf sheets that make up a total of 1.5 square ft costs the company £10 from a gold supplier and the Binningtons do not hold any stock. It is labour though that costs the money. Gilding an average-sized chair costs around £700 in leaf but labour perhaps seven times that.

The Binnington's company has carried out a lot of gilt restoration work, including some for the Lord Mayor of London. Restoration of gilded objects is a one week course the Binningtons run at £305. Others include a weekend course on water and oil gilding at £185 (bring your own sandwiches) and a two week course at £530.

The business has struggled with a grossly inadequate financial base ever since Peter and Frances started up, effectively rent free, in the corner of a friend's warehouse back in 1979. "We had no capital at all," says Peter.

They have had no specific business training. "We did it all wrong from that point of view," Frances concedes.

They soon moved into a British Rail-owned house in Clapham and in 1986 bought it at auction for £105,000. They subsequently took a lease from BR at £2,300 a year on the building next door and spent £20,000 converting it.

Loans though, initially from Lloyds bank and then National Westminster when Lloyds declined to help fund the building's purchase started running away from the couple. They had to re-mortgage their home to a level of £84,000 from the £8,000 it had been and they also signed a £25,000 development loan. The company's loss last year was made up almost entirely of interest payments. The Binningtons take out money from the business as and when they need it – usually about £2,000 a month – and Peter's salary of £130 for a day's teaching at a local college every week has come in very handy.

It has been a tough time for the Binningtons. But they have recently discovered one useful thing. They once had a staff of half a dozen and a yearly salary bill of £73,000. With better work practices ("the staff know now that time means money") they are getting almost as much turnover with fewer staff.

The company has made annual pre-tax profits in the past up to £17,000, the gilding courses are popular and a steady stream of furniture restoration work is coming through the door. They also think they are through the worst of the trading conditions. "The market though remains much less predictable than it used to be," Peter says.

■ *Peter & Frances Binnington, 65 St John's Hill, London SW11 1SX. 071-223-9192.*

Ashley Ashwood

Road to repair: Peter and Frances Binnington in their workshop at Clapham

A growth adviser who grew

Anthony Moreton meets a former Welsh Development Agency executive who went private

IF IT HAD not been for a contretemps with the Welsh Development Agency two years ago, Wyn Pryce might still be one of its executives.

But, then again, he might not.

He was coming up to 40, an age when many men look questioningly at their careers. "I knew deep down that this was the ideal time to make a move if I was going to do so.

"My job was advising companies thinking of coming to, or expanding in, west Wales. Could I do what I was advising others to do? Time has shown I could, but it was still a gamble back in 1989." The decision was taken for him.

The agency had been set up in 1976 to rejuvenate the Welsh economy. After the 1987 general election, when privatisation was in the air, there was a secret proposal within the WDA, to hive off some operations into the private sector.

Pryce, then regional manager for south west Wales, got wind of the thinking in Cardiff and suggested that his regional office should be privatised.

However, the proposal leaked out and after questions in Parliament, he and a colleague who had joined him in the buy-out proposal were "asked to leave". With his pay-off and some savings, they set up a company, Integra, to offer advice to businesses, especially on how to deal with bureaucracy and on how to take advantage of available incentives and grants. Integra also offered advice on business plans, help with marketing and financial accounting, the management of change, such as expansion and relocation and training.

"It was just the right time to do this work," he says. "The first recession in the 1980s had seen enormous redundancies in Wales and a lot of small businesses setting up."

The second one, at the end of the 1980s, led to great belt tightening.

"Companies now have no spare fat. They are trying to get 110 per cent out of every manager. If a problem comes up they therefore have no one on their staff who can be seconded to finding a new factory site, or drawing up a business plan."

They can now buy in the expertise they want. Pryce charges £300 a day; business plans are based on a fixed sum with an in-built performance element. This is about half, sometimes a third, of charges of the big accountancy firms.

Half his work comes from companies operating within 20 miles of his office, a converted garage butting on to his home, companies such as Valeo Climate Control, which makes air-conditioning units for the motor industry, and Munslow Waste Disposal, both of Ammanford.

Forty per cent originates in south Wales. But Pryce has had commissions from a brewery in Hartlepool in the north east of England, and from companies in Chester, Bury, Horsham and London.

Much of this business comes by word of mouth.

Pryce offers an example of a typical client: an engineering company that sought to finance the building and equipping of a 10,000sq ft factory. He helped it find a £60,000 grant, another £60,000 in preference capital and a low-interest loan from European sources of £160,000. For this, he charged £3,500, of which £2,000 was a fee and the rest came from a performance-linked clause.

In the first six months Integra's turnover topped £17,000 and the first full year brought in £52,000. This year, his second, he expects to gross between £70,000 and £80,000.

The nature of Integra's business means it did not need a heavy capital outlay. Start-up costs came to £20,000 on equipment and converting the garage into a proper office. The WDA pay-off helped towards this.

The colleague who put up the buy-out proposal has branched out on his own, but Pryce's wife, Enid, joined in and handles the administrative side. Pryce has taken on an assistant as business has grown and has another former WDA official working with him on a contract-fee basis, though he is even looking for a second assistant as business builds up.

"The great thing now is that I am doing what I want to do," he says.

"It is lovely."

■ *Integra Business Services, Anedd Wen, Werndda, Ammanford, Dyfed SA18 2UR. Tel: 0269–592831. Fax: 0269–596207.*

As they say in Europe

Searching for word of God

HAVING thought for some weeks about a Christmas column on religion, I came to realise that only in Britain does religion arouse debate, letters to leading journals of opinion and cartoons in the lower sort of newspaper. Argument rages about women priests, ecumenism, whether the Bishop of Durham is a Christian, and so on. There is a continuity with the 17th century, emphasised by events in Northern Ireland. The British go to church less than their neighbours, but their neighbours appear to take no interest at all in the matters that traditionally concern believers.

Fortunately, as it came to an end last weekend, there was a flicker of interest in the Vatican synod. It was held in order to capitalise on the collapse of communism and evangelise the east. *Le Monde* concluded that although there was satisfaction over the move towards European unity at Maastricht, the participants regretted that the entry of eastern Europe into the Community had been delayed for an eternity. The other shadow over the meeting was the poor state of relations with the Orthodox east.

"The Pope wanted to open this first synod of liberated churches to protestants and orthodox so as to issue a joint call for the 'new evangelisation' of the continent. If the protestants played the game, the orthodox inflicted a blow against the Pope." The real trouble, said *Le Monde*, was that churches in the east had not faced the secularisation that had occurred west of the iron curtain "and now, legitimised by their resistance to communism they were demanding new powers in their societies, as in Poland. The synod has not settled all the ambiguities of this problem."

The mildly anti-clerical *Repubblica* of Rome was even more disdainful of the results finding them "without plans, without projects." It continues: "At the end, the impression is that the Church in its attempt to rechristianise Europe lacks both a political and a theological mind."

At the final press conference some priests said they had greater trust in God than in the structures of the Church. "God was certainly with those in the Communist prisons. But it is more difficult to find him in a structure like the synod," said the paper.

The general view of the "resistance" of the church is not universally shared, at least not when it comes to the protestants. In *Die Welt*, Enno von Loewenstern took an unconventional line in putting the Lutheran church of the old German Democratic Republic in the dock. "At the first sight cannot we be astonished that the Church also was embroiled in the Honecker-state? This socialism whose 'humane nature' was commended to us for so many years, contaminated everything, setting teacher against pupil, friend against friend, husband against wife; why not also shepherd against flock? Are we not all sinners?"

The trouble, argued von Loewenstern, was that the Church worked so closely with the old regime. He detailed some notable horrors, involvement with the *Stasi* and so on, and concluded, "The Church in the east as in the west, to find itself, must look into the very heart of its activities."

This epitomises the political approach to religion. Christian Democrats are in power all over the place and yet only British politicians debate with clerics – witness Margaret Thatcher before the Church of Scotland a few years back.

There are probably two reasons for this apparent weakness of the Catholic church in particular. A familiar one is what priests call secularisation. The laity call it contraception. The official line is so at odds with what west Europeans regard as normal, even civilised, behaviour, it must have cost the church dear.

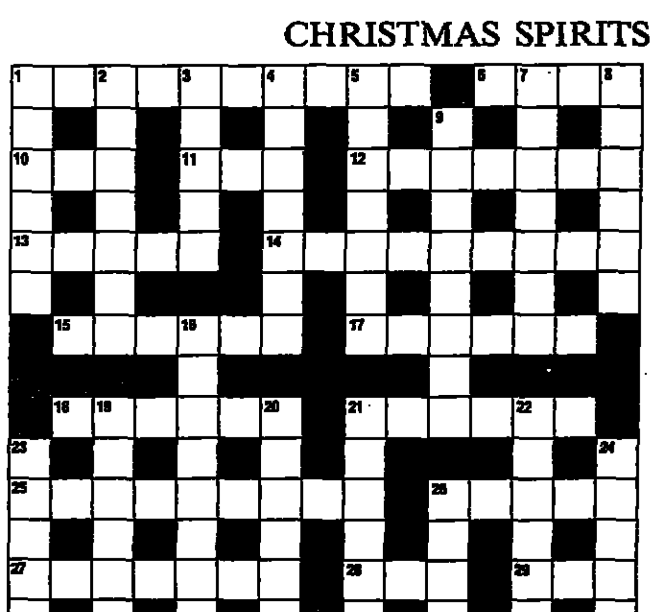
Furthermore, the Catholic church was compromised for a long time after the second world war through its attitude towards fascism which varied between servility and support. Today outward displays of religion are to be found only among those to whom loving one's neighbour is an exotic if not subversive concept: witness the laughable relationship of M le Pen and the National Front with Joan of Arc, the tramping of admirers of Franco in Madrid from the cathedral to Charles V Square to make the fascist salute - from *Te deum* to tedium – all this tends put many people off.

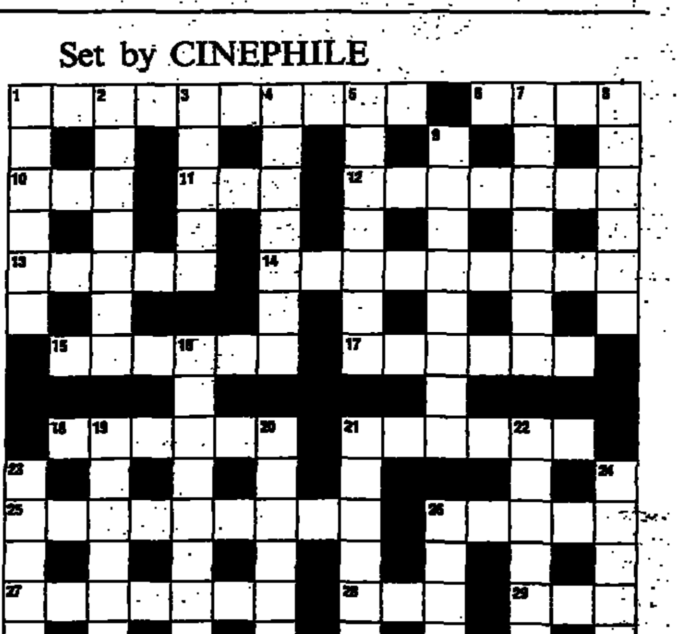
James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

CROSSWORD

CHRISTMAS SPIRITS Set by CINEPHILE





Most of the across solutions are spirits; in the left diagram (a) of the supernatural, and in the right (b) of the alcoholic variety. Their clues may be incomplete; the few other across clues, and the down clues, are normal.

Prizes of £25 each will be awarded for the first ten correct solutions opened. Solutions to be received by Wednesday January 2, marked Christmas Crossword on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 4.

Name..........

Address..........

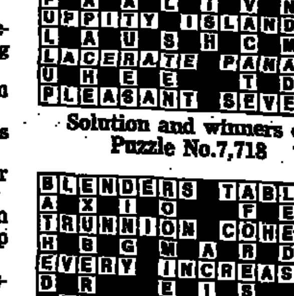
ACROSS

1a Smug politician during depression gets a little money (10)
b Destroy a bacillus, first of germs, under the ice (10)
6a Exposures to the Yard? (4)
b Article in craft (4)
10a Note on railway (3)
b Grass right for solvers (3)
11a Killer or number (3)
b Instrumental part (3)
12a Sports with ball: here's Santa Claus (7)
b Royal line in biscuits (7)
13a Garden maxim (5)
b Maybe a knockout, God willing (5)
14a Feed time off? In residence? I quit (4,5)
b Most feelers almost talk while expecting (9)
15a Tolkien's cooker part (6)
b Reigns within reason (6)
17a Winning blow of stressful type (6)
b National former solution (6)
18a Turbulent priest (6)
b Variety unknown (6)
21a Almost lose sight (6)
b Departmental former solution (6)
25a One of Cobbett's singular range in potentially drier surroundings (5,4)
b In southern planet dropping us at church is a matter of policy (9)
26a Fish of controlling interest (5)
b Sutton's companion's companion (5)
27a Girl in uniform (7)
b Two pieces with few lines (3,4)
28a Name and number nought (3)
b Little one of standard size (3)
29a Licence to publish emperor (3)
b It may be catching (3)
30a Pupil out of danger (4)
b Wool producer out of cloth (4)
31a Clean her up for a change (10)
b Setter solver's dealt badly with (10)

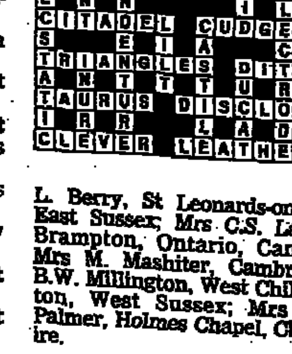
DOWN

1a Those with orders to give or receive benefit? (6)
b Try hard for non-U virtues (6)
2a Gangster's parent turns up like this if with love (7)
b Food for thought without obligation or dimension (7)
3a Untie what may be fast as well (5)
b Stream entering stream at an early stage (5)
4a Fighting area in aircraft (7)
b Crew of two? (7)
5a Find little fault with North Italian choice (3-4)
b Strawberry upset artist with qualification (American) (7)
7a Jacob, king being replaced by king, his uncle (7)
b Unable to think for oneself, using crib too (7)
8a Hurrah! solvers hold new pipe (6)
b Light variety for the French (6)
9a In vehicle dashed up dish of curdled cream (8)
b Australian fruit and mulled nog (under a quart) (8)
16a British cast for little fish (8)
b Celebrated true or legendary quest (8)
19a Room for talking somewhat loudly among young fish (7)
b Dish with some rice from Italy below (7)
20a Long work with directions in common (7)
b Get zany, affected by river (7)
21a General employed one in the field for mopping-up operations (7)
b Beast, one might say a dishonest one (7)
22a Pacific island boy in confused corny state (3,4)
b Paid the old penalty as a sailor should (7)
23a Dinner's ready! Go to it like pigs? (4,2)
b Pack for troubles with St Christopher badge (parts of) (3-3)
24a Speaker among offspring is easy to don (4-2)
b Complained of prickly plant to editor (6)
26a Poisonous parasite without tail eating beast (5)
b Too dangerous to keep at the Spanish pub (5)

Solution to Puzzle No.7,729



Solution and winners of Puzzle No.7,718



L. Berry, St Leonards-on-Sea, East Sussex; Mrs C.S. Lahey, Brampton, Ontario, Canada; Mrs M. Mashiter, Cambridge; B.W. Millington, West Chiltington, West Sussex; Mrs S.J. Palmer, Holmes Chapel, Cheshire.

FOOD AND DRINK

Capital choices for Christmas tipples

***Jancis Robinson** takes a look at what London's wine merchants and shops can offer*

ROBERSON is a daring new wine shop, looking a bit like a set for *Fantasia*, at the Olympia end of Kensington High Street in west London. Cliff Roberson is a wine wholesaler based in Slough, Berkshire. He sold his five Buckingham wine shops to the French firm Nicolas two years ago and is now trying another assault on the capital's wine-buyers.

Although it is early days, he seems to have got a lot of things right: the 2,000 sq ft interior really is, for once, spacious and genuinely encourages browsing; the range of more than 1,000 wines is both wide and deep; it is open until 9 pm Monday to Saturday and from 12 to 3 on Sundays, with free local delivery for that night's supper; there is a Master of Wine in the shop and a plan for tastings and wine courses in the basement.

However, Roberson could have got one thing wrong – the claim in publicity material that: "For centuries, London has been regarded as the world's capital of wine; at last, there is a major independent and centrally-located wine store which gives justice to this accolade."

Anthony Hanson, of Haynes Hanson & Clark, which has had rather a good wine shop round the corner in Kensington Church Street for the past 15 years or so, said with unusual acidity: "How lucky we all are to have a decent wine merchant at last!"

I tried the brave new claim on Hew Blair, of Justerini & Brooks in St James's Street (established 1749; and while admittedly no longer independent, run quite separately from Grand Metropolitan's whisky operations). At that stage, he hadn't heard of Roberson. "Where did you say it was?" he spluttered. "Olympia? I'm speechless. Does one have to say more?"

It was more difficult to extract a comment from an even older and more traditional merchant across St James's Street, Berry Bros & Rudd (in this case, underwritten by Cutty Sark Scotch). It was one of the managing director's shooting days but I did track down the home trade director of the business, Nicholas Wright, at his base in Basingstoke, Hampshire. He gave the newcomer a sporting chance. "We wish him luck in his timing, which is possibly not of the best."

On a patch closer to Roberson's, however, Harrods' wine consultantSteven Spurrier, was less charitable – perhaps understandably, since he had in his pocket a leaflet carrying that contentious claim signed by Roberson's Master of Wine, Chris Donaldson, an employee of Harrods while acquiring his MW. Said Spurrier: "What Roberson will have done is prove that London does indeed need a major first-class wine merchant – the new 3,000 sq ft Harrods wine department that we're planning for next year."

Some would say the London retail wine scene is in a state of flux; others that it is dangerously stagnant. Either way, it is good for the consumer that there is now such a range of merchants who could dispute Roberson's claim. Here are my suggestions for merchants who can offer a high level of personal service as well as some delicious wine for Christmas:

Barnes Wine Shop, SW13 (tel. 081-878 8643). A real neighbourhood wine shop with a stimulatingly eclectic range and knowledgeable and helpful personal service.

Berry Bros & Rudd, SW1 (071-839 9033). A relic of the 18th century. Not a bottle in the shop, just courteous sales staff who spend their day running up and down the staircase to the cellar which has direct access to the pavement. Must have worked brilliantly in the era of the carriage. Useful for claret even today. Now open until 7.30pm on Monday and Thursday (one goes to the country on Friday) and, contrarily, on December Saturdays 9am-1pm.

Bibendum, NW1 (071-722 5577). Jolly warehouse (no single bottle sales) in Primrose Hill with lots of tastings.

Corney & Barrow, W11 (071-221 5122). The lively Notting Hill outpost of the City fine wine merchant is open 10.30am-6pm Mon-Sat. Not cheap but there is a move towards exclusive wines at all price levels.

Fulham Road Wine Centre, SW6 (071-736 7009). Like a cross between Barnes and Roberson at the far end of the Fulham Road.

Harrods, SW1 (071-730 1234). Spurrier has been breathing new life into the expensive old dog with, notably, some exclusive finds from French domaines. Especially good on champagne, vintage port and malt whiskies.

Haynes Hanson & Clark, W8 (071-937 4650) and SW6 (071-736 7878). Hard-working merchant especially good for burgundy and California.

Hermitage Wine Cellars, N10 (081-365 2122). Small, by no means venerable but passionately-run shop in Muswell Hill.

Justerini & Brooks, SW1 (071-493 8721). Fastidiously-chosen wines, especially good on burgundy, the Rhone, Germany and inexpensive Vins de Pays with real character. Four vans "scooting around London all day."

Laytons, NW1 (071-388 5081). By-the-dozen fine wine operation associated with André Simon shops.

Lea & Sandeman, SW10 (071-376 4767). Very wide range includes some hand-picked specialities such as Deiss Alsace.

Thos Peatling, EC1 (071-250 1522). The old Ostlers in Clerkenwell is now the metropolitan branch of the excellent East Anglian wine merchant owned by brewer Greene King. Unusually useful range of mature petits (and not so petits) *châteaux* clarets.

Pont de la Tour, SE1 (071-403 2403). Exciting new wine shop, open until 9 pm six days and 12-3 on Sunday, integrated into Conran's Pont de la Tour restaurant just south-east of Tower Bridge. Former Barnes Wine Shop manager and plenty to taste.

Roberson, W14 (071-371 2121). See previous comments.

La Vigneronne, SW7 (071-589 6113). Liz and Mike Berry's small South Kensington cavernful of more than 1,000 hand-picked, tasted and annotated wines.

Ciao Italia and tunes of glory

***Giles MacDonogh** reflects on the reputation of Italian food*

IF THE President of the Irish Republic, the Irish Minister of Agriculture and the Roman Catholic Archbishop of Armagh were to say they wanted me to act as a fifth column for Irish culture abroad, I think I would most likely tell them to do the other thing.

Don't get me wrong. I'm fond of the land of my forefathers, but I should be bound to ask: "What's in it for me?"

Apparently, expatriate Italian restaurateurs do not feel the same way. Most of them arrived in Britain more than 30 years ago carrying little more than a cardboard suitcase full of clothes. Many of them got their first break from Lord Forté (as he now is); they became waiters, then managers, then owners. Now, they are rich enough to indulge their feelings of patriotism.

What the Italian state thinks and demands of them became clear in the course of an international conference of Italian restaurateurs held in Rome last month."Ciao Italia" represents a fair chunk of the estimated 60,000 Italian restaurants in the world. Delegates came from the antipodes and Chile, and there was even a Russian there who claimed to have set up the first Italian restaurant in Moscow.

'The Pope extolled the virtues of Italian culture'

After a rather tearful jolly in the Trastevere, where a famous singer was wheeled out to air some rousing tunes, the delegates were addressed by Giovanni Goria, the Agriculture Minister. He made some only partly-feasible suggestions: quite rightly, he claimed responsibility for the quality of Italian produce, which had to improve if Italian restaurants were to match French rivals.

Goria was, however, suggesting that the restaurateurs should help the Italian balance of payments by selling only Italian produce. Now, I can see his point with wine (up to a point), olive oil, vinegar and cheese but a restaurateur has a duty to his customers, too; he must serve the freshest and the best, and this is not always to be had from Italy.

In the Quirinale, President Francesco Cossiga uttered some witty jibes which might sound like chauvinism (or even xenophobia) outside Italy. When Ciao Italia's president, Bartolo Ciccardini, suggested that Italian restaurateurs had taught the world to eat well, Cossiga exclaimed: "How to eat!" A little less provocatively, he talked of Italian food as culture, a way of life. Telling a story about a visit to a fish and chip shop in Ireland owned by an Italian, Cossiga said: "When the owner learned who I was, he insisted that his wife bring me down a cup of Neapolitan coffee and a glass of strega."

Probably the biggest pull on the delegates came from the planned audience with Pope John Paul II at the Vatican. It was a temporal rather than a spiritual Pope who spoke of food for the first time. It sounded odd from his Polish lips to hear him extol the virtues of Italian culture and civilisation as represented by food and restaurants. The only Christian element in the audience came with the blessing.

Then delegates returned to debate the issues; what was in it for them? Many of the less-fanciful speeches hinged on the need to create proper schools of Italian cooking so that the new generation could learn to develop the vocabulary of the Italian restaurant and ensure their children's continued fidelity to the native style. The English branch of Ciao Italia had attempted to set up such an organisation but this had foundered because of a lack of funds from Italy: the Italian government was not putting its money where its mouth was.

A forum of top Italian restaurateurs debated the position of Italian restaurants vis-a-vis their French rivals; a discussion which exhibited an unfortunate inferiority complex, with frequent accusations levelled at the Michelin guide *et al* for not recognising more Italian chefs. The top Michelin inspector for Italy seemed capable of parrying these thrusts.

Much as the conference brought up a variety of important issues, one element was lacking wholly: the consumer. The Italian restaurateur was to get a better deal from the Italian government, but were we to get a better deal from the Italian restaurateur? How are we to be protected from the dreariness of the "Italian" food which has reigned in the UK for the past 30 years? Could a Ciao Italia sign outside a restaurant assure me of the quality within?

For the time being, the answer is certainly not an unequivocal yes; when it becomes one, then this display of patriotism will not seem at best misplaced and at worst (to quote Dr Johnson) "the last refuge of a scoundrel."

Pétrus record

CHRISTIE'S finest and rarest wine auction was remarkable for an unprecedented series (from a Continental source) of single, large-format bottles of seven pre-1939 vintages of Château Pétrus that have never before appeared in any size of bottle in the firm's sale-room. Nearly all the estimated prices were well exceeded. An *impériale* (eight bottles) of 1921 fetched £8,200 and a double magnum (four bottles) made £4,200. Double magnums of the 1921, 1926 and 1929 vintages brought £2,800, £2,800 and £5,000 respectively. Then, jeroboams (six bottles) of 1934 and 1937 went for £3,500 and £6,800. From other sources, single magnums of 1947, 1955 and 1961 were knocked down for £1,900, £560 and £2,400. But the biggest price of all was paid for an impériale of the famous 1961 – £15,000. The total, in a sale that also included leading clarets and old vintage ports, was £287,000.

Edmund Penning-Rowsell

FOOD AND DRINK

The clones which conquered Champagne

IT WAS when I worked for Thomson Holidays that I learnt how dangerous it is to sell dreams. People cut up very nasty when what you have sold them falls short of their imagined ideal, as anyone who works in Thomson's Customer Services (sic) department can relate.

I do not suppose for one moment that the elegant gentlemen in Rheims and Epernay who direct the great champagne houses, the *grandes marques*, will see the parallel between their glamorously bubbling product and a week in Majorca but perhaps they ought. Many of them have devoted their working lives to selling a dream rather than a wine and are abruptly having to pay for the consequences: disaffected consumers and some influential British wine writers so peeved by what they see as Champagne's *hauteur* they are threatening not only not to write about it but – the supreme act of self-denial – not to drink it either.

The Champenois have collectively invested much of their energy and capital in:

a) promoting the idea that champagne provides an experience on a quite different metaphysical plane than that provided by a mere sparkling wine from elsewhere:

b) stamping out the use of the word champagne on any other product and:

c) broadening their geographical base from the all-too-finite Champagne region by setting up sparkling winemaking outposts in California, Spain, South America and the antipodes.

Activities a) and b) are mutually supportive but it is now that the fruits of c) are widely available internationally that things are coming unstuck. There are those who would argue that today's discerning wine drinker would have preferred to see the money that has been spent protecting champagne's name spent instead on making absolutely sure that the quality of the wine itself invariably warrants all the fuss.

As the account here of a *Weekend FT* tasting shows, the standard non-vintage prototype from Champagne may no longer justify the price premium it enjoys over similar wines produced by champagne houses elsewhere. Champagne enthusiasts as knowledgeable as Edmund Penning-Rowsell and Tom Stevenson preferred an £8.49 sparkling wine made by Mumm in California to any of four non-vintage champagnes selling at about twice the price, with Mumm's Cordon Rouge flagship champagne being particularly unimpressive.

Of course this is just one tasting of single bottle samples of 11 wines, but even the most blinkered producer will admit that Champagne's recent pricing policy has been disastrous. In the late 1980s when we felt richer than ever before or since, the real price of champagne was at an all-time low – with predictable results. Sales soared, stocks plummeted and champagne was sold dangerously young and tart.

Then, just as the recession started to bite, champagne prices were smartly raised so that yes, champagne has been successfully re-established as a luxury product (even if some British retailers have been doing their best to find parcels of really cheap wine that do little to enhance champagne's reputation), but at the expense of half the market in Britain – and things in the US are little better. At some point about a year ago – on the day Mrs Thatcher stepped down perhaps? – champagne joined that unenviable club whose other members include country house hotels, mink, Jaguar cars and swagged, interlined chintz.

If the British now hate conspicuous consumption, the French in general, and the Champenois in particular, hate comparative tastings. Indeed, in the genteel social life of Rheims and Epernay they go out of their way never to make comparisons.

They would not dream of condoning tastings such as the one described here, even though they are an inevitable consequence of escaping the commercial restrictions of operating in a delimited region.

My medium term prediction is that, much as the Champenois hate these tastings, they will take note of them and probably increase the price of the upstarts so that they are closer to the Real Thing.

Meanwhile, as the Real Thing languishes unwanted in the cellars of Champagne, its average age – and therefore quality – will be increasing so that by 1993 or so champagne will once again seem reasonable value and we can start the sales-stocks-prices whirligig all over again.

I cannot see, even in the long term, how sparkling wine as glorious as the best of champagne (which inevitably costs more than £20 a bottle) will ever be made outside that region. The wines we tasted are on Champagne's bottom rung.

But now that that bottom rung, a *grande marque* non-vintage champagne, is approaching £20 a bottle, the Champenois, and the finance directors of the multinational corporations which own so many of them, may have to address the fact that their customers have palates as well as imaginations.

Tony Andrews

From left: Wine experts Tom Stevenson, Edmund Penning-Rowsell and Jancis Robinson try a case of sparklers

THE TASTING

One cold Monday morning *Weekend FT* wine correspondent Edmund Penning-Rowsell, prize-winning champagne writer Tom Stevenson and myself selflessly tasted 11 sparkling wines blind. Four were non-vintage champagnes and seven were wines made by those same four champagne houses in California, New Zealand and Australia. Prices ranged from under £8.50 to around £18.

What was notable was how close they were. With only two New World exceptions (one of which was corked), they were all competently made and perfectly respectable drinks.

None had any great subtlety and they were definitely wines to be drunk as an *aperitif* rather than complex, serious wines that could be drunk with food such as Champagne could provide but the New World could not. The technical expertise learnt over the decades in Champagne has certainly been exported to impressive effect. "At £8 a bottle they'd all be above average," was Tom's comment on the prices, "but at £18 I wouldn't buy any".

The champagnes – the wines closest to £18 – had the springiest, fattest corks, showing they had been most recently disgorged, whereas the corks in the most expensive non-champagnes, the two 1987s from Mumm in California, were the oldest.

The cheapest wine, Cuvee Napa (£8.49 Sainsbury's and Oddbins) was Edmund and Tom's favourite, Edmund noting "elegance" and Tom being surprised that tasting this side of the Atlantic he preferred it to its two more highly-priced 1987 counterparts.

Although we were trying to concentrate on an objective notion of quality rather than be distracted into identification, we could not resist a quick stab at which were the four champagnes – and were confounded.

Perhaps worst for the Champenois, my favourite was the first release of well-balanced New Zealander Deutz Marlborough Cuvee which I never for one moment thought was champagne. Oddbins should have the second release, which should be even better than the first, on the shelves at £9.99 and other stockists have included Augustus Barnett, Tesco and Victoria Wine. Tom placed it equal second but Edmund found it "undistinguished".

The champagne house Deutz, seen as a rebel by many Champenois for its use of the same name around the world, also makes a wine in California, Maison Deutz (£9.49 Oddbins) which was probably our joint third favourite overall, Edmund admiring its "nice fruit".

Then came three of the four prototype non-vintage champagnes: market giant Moët & Chandon (in which Edmund found "some champagne style"), Pommery and Deutz, but selling for between £15.49 and £17.99 at Oddbins, followed by Mumm's two Cuvee Napa 1987s at £12.99 and £13.99 and then Mumm Cordon Rouge NV champagne which did not show at all well.

Moët's Domaine Chandon from Australia (sold in the UK by the Australian Wine Centre, London WC1) was, tantalisingly, corked although there seemed to be some attractive fruit lurking there, while Tom refused to mark Pommery's Sharffenberger from California because of unacceptably high sulphur.

Jancis Robinson

Succulent seafood

Philippa Davenport with a touch of fishy luxury

THE SIGHT of so many Christmas birds hanging in the shops, the fraught business of working out roasting times, and arguments about the merits of brussels sprouts versus leeks, bring out the perverse in me. I have half a mind to stuff the bird and opt for fish.

To do so would perhaps be too drastic a break with tradition. The recipes which follow will, however, make happy Christmas eating for those with semi-vegetarian leanings, and even the heartiest of carnivores might welcome them as a fine preface to the meat-eating orgy of Christmas.

At this time of year the housekeeping budget goes out of the window. A little extravagance is not only permissible, it is desirable. Even Scrooge relented in the end. So I have plumped for scallops, the sweetest and most succulent of seafoods.

FENNEL, SCALLOP AND APPLE SOUP

Queen scallops, much smaller and cheaper than kings, will do well for this dish which will serve 5-6 as a first course or 2-3 as a supper party soup with cheese, salad and something sweet to follow.

1 large or 2 small bulbs of Florentine fennel; 1 smallish Cox or other crisp, aromatic and not-too-sweet dessert apple; 12 oz queen scallops, shucked weight; 1 long white-stemmed leek no larger in diameter than a 2p piece; 2½ pt fish stock; a splash of Pernod, Ouzo or Pastis; ½ teaspoon bruised fennel seed; 1 garlic clove; 2-3 tablespoons chopped parsley; at least 2 slices of French bread per person; a little extra virgin olive oil; a little *moutarde de Meaux* or other wholegrain mustard.

Do the preps ahead: Peel and core the apple and slice into crescents. Trim away the coarse parts of the fennel, reserve the fronds for garnish, and slice the rest thinly. Chop the garlic and cut the leek into thin rounds. Trim the scallops of black intestinal threads and hard white muscles, and slice each cushion across to make two discs of tender white flesh. Brush the slices of bread with olive oil, toast them under the grill until crisp and golden, then spread with mustard.

When you are ready to cook, heat a flameproof casserole. Add 1 tablespoon olive oil. When it sizzles, fry the apple for just a minute or two and remove. Pour a drop more oil into the casserole, add the fennel, garlic and fennel seed and stir-fry for a couple of minutes. Then cover and let the vegetable sweat for 8-10 minutes.

Stir in the leek. Pour on the Pernod and stock and bring to the boil. Cover and simmer for 10 minutes.

Add the apple and bring back to simmering point before adding the scallops. Quickly push the molluscs well down into the liquid, cover the casserole and turn off the heat, but let the soup stand for 5 minutes before serving. This will allow the scallops to cook through without danger of toughening.

Then stir in the parsley and the chopped green fronds of the fennel, check seasoning and serve in hot soup plates containing the toasts.

SCALLOPS & MANGETOUT IN SAFFRON CREAM

Coral, white, green and saffron yellow, this is as gloriously colourful as it is ritzy. Served in a generous ring of rice it makes a complete main course for 3-4 people. Long grain white rice provides a suitably demure background against which to show off the molluscs and their sauce; a mixture of wild rice and white is more glamorous.

1 lb scallops, shucked weight; 12 oz mangetout; a little unsalted butter; ¼ pt fish stock mixed with 2½ fl oz dry white wine or very dry cider; ½ pt thick cream; a pinch or two of saffron strands, toasted and crushed to a powder.

Remove the intestinal thread and the tough white muscle from the side of each scallop. Separate the coral roes from the plump white cushions of flesh. Leave the roes whole. Cut the whites in half, slicing each one horizontally to make two slim discs.

Steam the mangetout, pat them dry, cover and keep warm in a low oven.

Warm a large non-stick pan over very low heat. Melt a little butter in it. Add the scallops, spreading them in a single layer if possible. Immediately turn them over. Pour on the hot (not boiling) stock and wine mixture and poach briefly and very gently to set the corals and to turn the whites from glassy looking to pearly. Do not overcook.

Draw the pan away from the heat and remove the scallops with a slotted spoon. Keep them warm in the oven, piling the mangetout on top of them to protect against drying out.

Fast boil the fishy liquor for a minute or two. Stir in the saffron and the cream and continue bubbling over moderate heat until a small quantity of velvety rich sauce is achieved. Season with salt, pepper and a squeeze of lemon maybe. Pour the sauce into the centre of a ring of boiled or steamed rice, and pile the mangetout and scallops onto the moated pond of sauce.

FOOD AND DRINK

Money and the Mackintosh man

Nicholas Lander meets a restaurateur he would be tempted to back

RESTAURATEURS vie with builders for the top of the bankruptcy league. But one restaurateur I would put my money on is Tony Mackintosh.

Managing director of 192, a successful restaurant in west London, and the Groucho Club, in London's Soho, haunt of gossip columnists, he is responsible for a combined turnover of £3m, a staff of more than 120 and, at the Groucho, a public limited company financed under a Business Expansion Scheme, answerable to 310 shareholders.

He must be one of the few managing directors this year to report a 50 per cent increase in profits and dividends. But I would not back Mackintosh because of his current success. Rather the opposite. Since leaving his job as marketing director, Europe, for Rowntree Mackintosh in 1973, he has been involved in four major entertainment projects and each has been, eventually, a popular and financial success. But not one began well.

In 1973 Mackintosh was contemplating a career in arts administration when John Armit, a friend and partner, found a site that became Dingwalls Dance Hall in Camden Town, north London. When, after five months, Mackintosh discovered that the nightly takings were not what they should be he stepped in and began his apprenticeship.

The noise and crowds Dingwalls generated led the partners, joined by architect Tchaik Chassay, to conceive a new club, Zanzibar, that anticipated the cocktail boom and the popularity of Covent Garden. Initial over-enthusiasm led them to take on the property as sub-tenants, a difficult position in which they had very little control over the property.

The next venture, Mackintosh insisted, had to involve a property element. In 1982 the freehold on 192 Kensington Park Road looked reasonable at £50,000 – even for a derelict building. Their financial projections – just after contracts had been signed – did not include the possibility that the back wall and the roof might fall in.

When, in 1984, a group of London's leading literary luminaries approached Mackintosh with a plan for a new club, including necessary finance and members, he must have thought he was on much safer ground. In fact, Groucho's early days proved a nightmare.

The renovation exceeded the budget and none of the gross margins were being achieved. He sacked the manager and accepted the chef's resignation. He assumed day-to-day management and brought in more members but the bank was so concerned about its investment that it insisted on a "key man" insurance policy on Mackintosh's life.

Today the bank is not so worried. Nor are Groucho's shareholders who paid 15p a share in 1985 against a net asset value in the latest balance sheet of 85p. For this reward they have to thank Mackintosh's childhood, some memorable words of commercial advice from his father, and a distinctive philosophy of restaurant management.

Mackintosh grew up in Yorkshire imbued with a strong non-conformist bourgeois attitude and the work ethic (the family firm was John Mackintosh). Now in his early 50s he still enjoys a day's graft. After National Service as a catering officer with the Queen's Bays he was sent to business school in Boston, US, with his father's wish that he come back equipped to argue with accountants. Six years marketing chocolates rounded off his education.

Mackintosh modestly attributes his success to these early accountancy and marketing lessons. All his ventures have succeeded because the concept behind them was right. Too many restaurants fail because they have not been thought through properly. A restaurant, Mackintosh stresses, is not an extension of the home. The location has to be reasonable, but marketing is the key.

But if the best managers and even the chef get the marketing right can they understand the figures? As a former brand manager Mackintosh realised the importance of the flow of accurate information. Every Sunday he closes the week's books. By Monday, or Tuesday lunchtime at the latest, he has in front of him weekly sales, the food and bar gross margins and the wages control ledger. Every fortnight, armed with this information, he holds a meeting of the ten-strong management accounts group, which includes the chef, to review progress and discuss pricing.

It is not a table-thumping exercise. Mackintosh values team work and good management and realises that his job is to get the best out of his staff. Six times a year he takes the younger members – a mixture of management, front-of-house staff and chefs – out to restaurants that they would not necessarily visit on their own. There they have the opportunity to discuss and check out the competition. Mackintosh prods and listens, his only complaint being that the Inland Revenue will not allow this staff-training exercise to be set against profits.

Mackintosh's management philosophy bore fruit dramatically this year. The Gulf War had emptied the Groucho's 11 bedrooms, the recession had cut bar and restaurant takings. At an emergency meeting in February the management realised what overheads had to be cut. Jobs were to be shared and there was a management shuffle.

Not all Mackintosh's projects have seen the light of day. During the 1980s plans for an Italian restaurant, a Californian restaurant and a small hotel in west London came to nothing. Today, he is busy working on figures for a proposed restaurant and the possible £250,000 renovation of 192.

Over lunch Mackintosh described himself as an old-style capitalist out to have fun. The restaurant trade needs more like him.

Perfect presentation

Lucia van der Post on stylish decorations

WHEN IT comes to decorating the Christmas table the imagery that comes to mind is all traditional sumptuous abundance – the times may be grey, the news grim and many of us in belt-tightening mood but Christmas does not seem the time for parsimony.

It is the time to get out your grandest tablecloths, your most sumptuous glasses, the antique silver and tone up on your decorative skills.

If money is no object, or time is at a premium, you can buy highly decorative effects from any of the inventive florists that have sprung up all over London – the trouble is the prices are likely to make all but the most robust fade clean away.

At Kenneth Turner's concession in Thomas Goode at 19 South Audley Street, London W1, for instance, there are beautiful arrangements of fresh or dried flower-filled baskets but they start at £250 each. At Pulbrook & Gould, 127 Sloane Street, London SW1 there are enchanting arrangements but prices for the very simplest ones start at £35 and the ones you will probably want are usually more than £100.

Ashley Ashwood

Lucia's D-I-Y setting

These days there are decorators who will deliver your tree ready-decorated to the door, designers who can be commissioned to orchestrate the grandest of floral arrangements but in my view the nicest, the best are the ones improvised at home.

You do not have to spend a fortune – it is amazing what can be done with imagination and ample quantities of the traditional ingredients – candles, flowers, fruit and greenery.

If you do not have a beautiful damask cloth swathe the table in metres of tartan fabric, use a contrasting tartan for tying huge bows at the corner (nobody will notice if you don't have time to hem it). If you want inspiration go along to Thomas Goode, 19 South Audley Street, London W1 where there are five different Christmas table settings, ranging in mood from the truly sumptuous (Tom Ellery's) to the edible (Jane Asher's). Lady Elizabeth Anson uses Stewart tartan fabric from the Scotch House and Mottahedeh "Argyll" china to set the Scottish mood. Ralph Lauren is another designer who knows how to set a sumptuous traditional table and the new Ralph Lauren At Home department in Harvey Nichols is another good source of inspiration.

Anybody who wants to embark on some traditional floral decorations will find it easier to do than they might imagine – with a litle know-how and the right materials. Pulbrook & Gould, who have been imparting much of their hard-learned floral lore to groups of eager customers on Tuesday and Thursday evenings, last week revealed some of their Christmassy secrets. Though the Christmassy classes are now over anybody who goes along to buy the essential ingredients can ask for advice on how to wire up apples, walnuts and pine-cones.

Tony Andrews

A Thomas Goode table setting

Justin de Blank at 114 Ebury Street, London SW1 has long lengths of fresh ivy which look marvellous on a Christmas table – I like them plain and natural but many people like to spray them with gold or silver paint. He also sells undecorated pine garlands for £35.

If you are in a mood to buy new table accessories whether just a few napkin rings, a set of gold underplates or a whole new set of gold-rimmed glasses there are now two shops that specialise in all things fine for the table – Table Matters, 6 Harriet Street, London SW1 and The Dining-Room shop, 62 White Hart Lane, Barnes, London SW13.

Chocolates: when only the best will do

FOR MANY years, Giles, the cartoonist in Express newspapers, caricatured the average British Christmas. Family members, stuffed with turkey, slumped in front of the television for the Queen's Speech, surrounded by boxes and boxes of milk chocolates.

Today, a great deal has changed – not least the kind of chocolates we eat. The market for the traditional British chocolate is still huge but there is no doubt that Britons are becoming more European, if not more specifically French, in their taste for chocolate.

Until recently, the gulf in national chocolate taste was as wide as the Channel. Britons preferred a thicker coated chocolate that had a high sugar content and a low per centage of cocoa. In addition, UK chocolate producers ensured a longer shelf life by using artificial fillings.

There were the exceptions. In 1921, Colonel Benson and Mr Dickson began making chocolates in Kensington, west London. Ten years later they invented the Bendicks Bittermint, which remains the perfect dinner-party gift. Today, there are five Bendicks of Mayfair shops in central London with the main branch at 46 Curzon Street, W1 (071-629 4389).

In 1945, Werner Ackerman and his wife, refugees from Berlin, began their own company, Ackermans, in Swiss Cottage, London NW6. Although their factory is now in an industrial estate in Camden Town, their shop in Goldhurst Terrace is as enchanting as ever (071-642- 2742).

Along the way, the British palate was assailed by Belgian chocolate from producers such as Leonidas, Godiva, Elena and Gartner. Gartner even produces a kosher chocolate. They are rich, sweet and, for me, taste more of their fillings than of good quality chocolate.

Selfridges and Harrods stock a wide range of chocolate while Marks & Spencer offers 10 different boxes under its own label including, at the top of the range, a 175 gm box of fresh cream chocolates at £4.99.

Today, however, our preference is moving towards the cleaner, more bitter taste associated with French chocolate.

Alan Porter, the man responsible for selling the finest French chocolate, Valrhona from the Rhone Valley – its chocolates can contain up to 66 per cent cocoa – to chefs and delicatessens has decided to pursue this interest even more seriously.

Late one night a few months ago, over a cup of coffee, he mooted the idea of a Chocolate Society, to be modelled on the Wine Society, to Chantal Coady, proprietress of Rococo, the chocolate shop in Chelsea (071-352-5857). The following morning the society was formed. For an annual subscription of £30 there will be six newsletters a year, tastings and special offers of the very finest and rarest chocolate (telephone and fax 0543-851101).

Finally, names for the chocolate lover to note this Christmas. Firstly, Gerard Ronay, who has established his own small chocolate factory also in London's Camden Town (071-267-9782), and produces top quality chocolates (£20 per lb at Harrods) with such unusual fillings as garden mint, tea and smoked lemon. Secondly, an organic chocolate bar. Green and Black's is available for £1.90 for a 100gm bar from Holland and Barrett, and most health food stores.

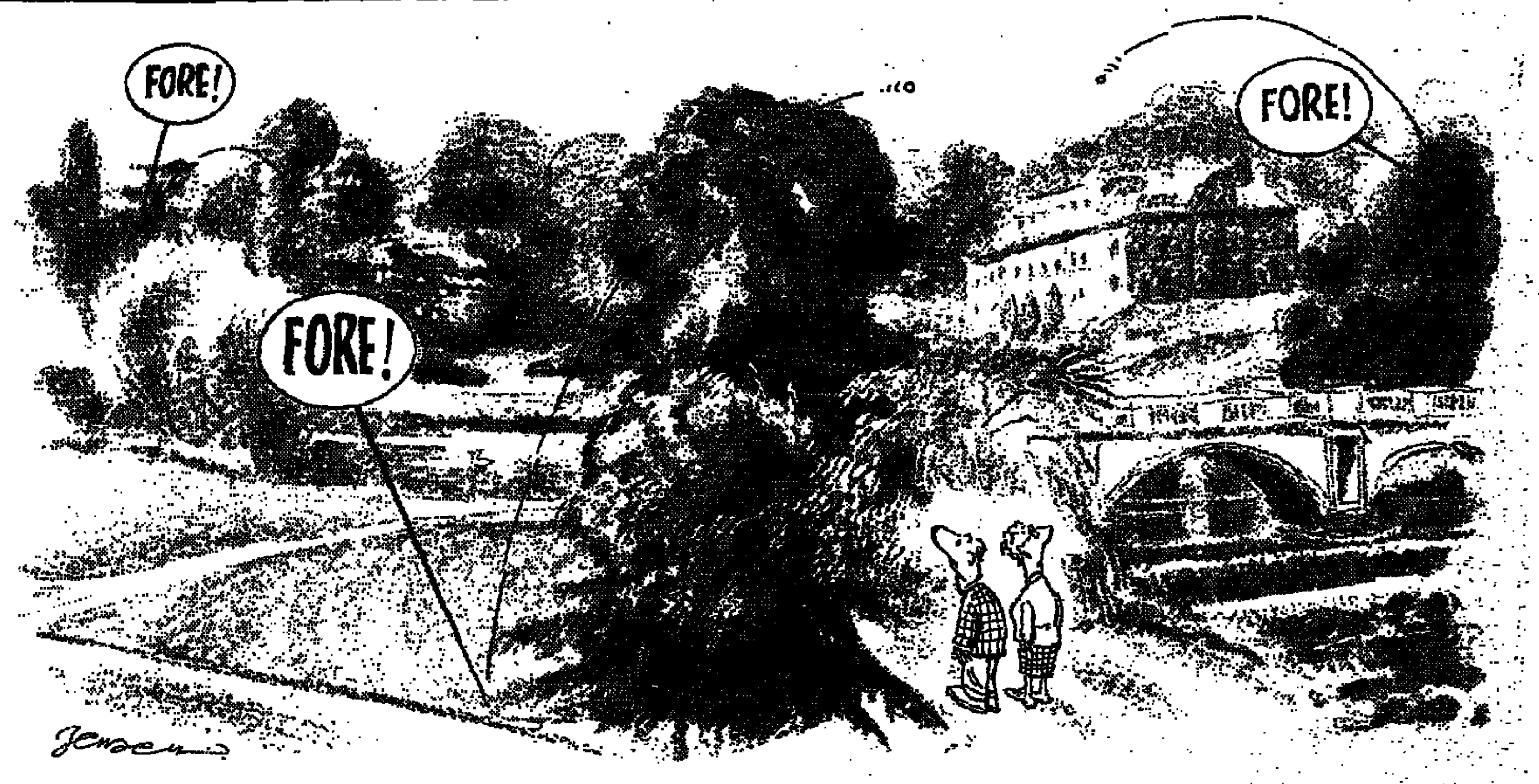
Lastly, a new, very French, chocolate and pâtisserie store, Eclair Fondant, at 97 Old Brompton Road, London, SW7. Tel: 071-584-5505.

N.L

SPORT

Golf/**John Hopkins**

A course in tune with history



FOR 250 years Brocket Hall, the Georgian house of Grade I historical and architectural importance near Welwyn, Hertfordshire, has looked like an oil painting.

An ornamental lake and waterfall lie in the foreground and beyond it is the park dotted with age-old cedar, willow and oak trees. The tree under which Princess Elizabeth was sitting in 1558 when she was brought news of her sister's death and thus her accession to the throne still stands. It has not changed since Lord Melbourne was prime minister 250 years ago.

But look again and you will now see that the landscape contains the furniture of a golf course, tee markers, flags on the greens, mown fairways. Starting with a short but tricky opening hole, the course crosses the lake, rises gently along either side of the drive and crosses the lake again before moving up to a larger parcel of parkland above and behind the house. Then it wends its way back down to the lake and finishes in front of the hall.

The architects for this golf course are Peter Alliss and Clive Clark. They have done some different courses in their time, including one close to the Blackpool Tower, but never one that was on land laid out by Richard Woods, one of the leading landscape gardeners of the 18th century.

"When I first saw it I said to myself: 'Hey, this is really something,'" recalls Clark. "It is not just another ordinary piece of land. You can see its history."

Brocket Hall, built in 1760, has a library fitted with Chippendale bookcases and ceiling panels painted by Cipriani. Inside the house is the billiards table on which Lord Palmerston died as well as the table on which Lady Caroline Lamb emerged naked from a large tureen having been served up as a surprise at Lord Melbourne's birthday party.

In the late 1970s the present Lord Brocket decided to restore the family home, which had fallen into disrepair. He elected to turn it into a 46-bedroom conference venue. "It took four years to get it sorted and at first I did not want golf," he says. "There were cattle around in the park and they looked good. But throughout the 1980s, and particularly at the end, there was a growing demand. People were coming to us and saying: 'For God's sake, put in a course.' The golf course is not a speculative punt. It is a reaction to the known demand."

Several designers put up plans before Alliss and Clark were chosen. They benefited from coming late to the project, by which time the idea of a golf course had been accepted. They began work as recently as last July 1.

These days the backlash against golf is such that it is almost as hard to get planning permission to build a course as it is for a camel to pass through the eye of a needle. Watching developments at Brocket Hall were, among other organisations, English Heritage, the Council for the Preservation of Rural England and the Hertfordshire Conservation Society.

"Brocket Hall was reshaped as a Georgian landscape park around 1770 by Richard Woods," says David Jacques of English Heritage. "He was a second-rank landscape gardener behind Capability Brown. Brocket Hall is a fine example of a Georgian landscape. A house of that importance does need to be respected."

Alliss and Clark respected it as best they could. Bunkers are not allowed on six of the 18 holes involving the 60 acres or so in front of the hall so that the view would not be blighted by sand.

They did very little earth moving and kept any mounding as low as possible. From the viewpoint of the house, any swales and hollows were covered by mounds placed in front of them. And looking up the 18th from the hall, you can scarcely see the features that are necessary to defend the hole because they all tilt backwards towards the tee.

Another problem that Alliss and Clark faced was that a right of way existed through the second, larger parcel of land behind the hall. This was rigorously enforced by members of the Hertfordshire Conservation Society, who asked that fairways run parallel to the footpaths and not across them. In as many places as possible this has been done.

"They will cross footpaths in two or three places and where they do I am afraid it is a case of look out!" says Dr David Eversley, the honorary director of the HCS. "But this is minor carping compared to the massive amount of earth moving that is done when building golf courses in some places. We watched very closely to see if they cut down any trees. We would have made a lot of noise if they had. But they didn't. As far as it goes we give it an A minus."

English Heritage retain more doubts. "Many places have been completely wrecked by golf courses," says Jacques. "That is not the case here. It will still have a very significant historical interest even though it does already look like a golf course and not parkland.

"Given that permission for golf has been granted, the end result is a moderate success – though the degree of success will depend on further tree-planting to historical principles. I want to see more trees: beech, oaks and ash. I want to get the layout right so that the vistas can make the most of the landscape. In the circumstances, not too bad a solution has come about."

Gardening

Who needs a blue rose?

THE Christmas issue of *The Rose*, the quarterly journal of the Royal National Rose Society, contains several articles about trends in the breeding of roses which make interesting if rather disturbing reading.

Peter Harkness, who besides being the editor of *The Rose* is also a breeder and commercial grower of roses, discusses the prospects of obtaining a really blue rose.

He is not thinking of the mauve or purple roses which we already have in the shape of Blue Moon, Shocking Blue and the like, which make use of the magenta pigment which has always been present in the rose, but of colours based on delphinidin, which is the true blue of such flowers as the gentian and the forget-me-not.

I was under the impression that the rose had no natural ability to produce this pigment but Harkness seems to call this in question when he states that, in 1968, Dr Arisumi, of Japan, found small quantities of delphinidin in young rose leaves. However, it is not from this source, if confirmed, that it is hoped to breed the true blue roses that are said to be just around the corner. What is termed the breakthrough has been obtained by an Australian company named Calgene Pacific and the Japanese company, Suntory.

Using techniques of genetic engineering, these companies intend to transfer the gene that controls the development of delphinidin from a petunia to a rose and, from that beginning, to proceed to produce a series of true blue roses. It is a brave promise but, so far as I can gather from Harkness's article, it has not yet been achieved.

I have heard similar statements about genetic engineering on numerous occasions but I still wait to see any practical application to ordinary garden plants and do not very much mind if I never do, least of all for the doubtful pleasure of a true blue rose.

In the same issue, Dave Kenny, an Irish gardener who breeds roses as a hobby, thinks we are doing very nicely but that many people are confused by ground cover roses and do not know how to use them. I believe that there is some confusion about ground cover in general which, according to who is using the term, seems to mean anything from close carpeting plants, such as ajugas and mossy saxifrages, to quite large, wide-spreading shrubs.

If one is using the term simply at its face value, meaning that they are plants which will leave little or no bare soil visible, this is fair enough but, if the real intention is to produce efficient weed smother, many of the plants that are recommended – this goes for most of the ground cover roses – are not particularly effective. They do not hug the soil sufficiently closely to deter seeds from germinating, which is one of the most important functions of weed suppressors. I like many of the new roses classified as ground cover and would be quite happy if the term was taken to mean no more than it says and without any reference to weeds.

Kenny would like to see an additional race of what he calls Shrublet Roses, by which he means low-growing roses with more flowers and less rampant growth. There are some of this kind – he notes those called Suffolk and Kent – and they are useful in containers and where space is limited.

Large Flowered instead of Hybrid Tea was suggested as a group description for the bush roses. It was thought this would remind gardeners that these flowers need not be of the classic hybrid tea shape with a high, spiralling centre. Although it is a type of flower that is greatly admired, and it would be possible to make a class entirely devoted to it, it is an unnecessary complication. There are many other rose shapes which, to some rose growers, seem just as beautiful as the hybrid tea type flower.

Think of all the wonderful shapes that exist in the old-fashioned roses; globular, quartered, peony-shaped, just plain blowsy for those who like it that way. This is the rich vein on which David Austin has been working so successfully with his English Roses, which broadly fall into the shrub rose category because of their generally arching habits.

What I most want in roses is an even greater diversity of flower shapes and ways in which flowers are carried. As an example, Raubritter is immediately recognisable when in flower because it is so different from any other rose. This is a rose, introduced in 1936; a shrub rose only about 3ft high if grown in the open but spreading to 6 or 7ft across. The pink flowers are semi-double and the petals curve inwards.

Rose expert Graham Stuart Thomas says of it: "No other rose that I have met has such irresistible charm with its low branches laden with ball-like blooms."

He says it is beautiful with all purple-flowered plants and grey foliage. Just for a start, we could do with more of this unique shape in many other colours.

Arthur Hellyer

A brush with nature

***Robin Lane Fox** on the family who found something smelly in their Blackheath garden shed*

IT HAS been a marvellous year for gardens, but as Christmas approaches a cloud still hangs over the late Victorian villa in Blackheath, in south east London, that was bought and converted in the early 1980s by Nigel and Daniella Gould-Porrit. It is not merely that the frosts in December have scorched the Gould-Porrit ceanothus and browned their passion flower, 1991 has been the year of uninvited guests.

One evening in late spring, Nigel was taking his stroll towards the garden shed when he became aware of a sharp, musty scent. It carried the tang of Crown Imperials and clung unexpectedly to his woollen cardigan.

The Gould-Porrits do not grow Crown Imperials because they believe that they are dug up from the wild, and at first Nigel was puzzled. The shed door was half open and a flash of quick brown movement alerted him to the answer: a fox disappeared past the organic compost heap and jumped, as bold as brass, on to the wall shared with No 19. Framed by the daffodils, the scene gave a happy intimation of nature in spring: Daniella was delighted at the news and shared it with the children as their bedtime story ended.

A few days later, the good news multiplied. There was not one fox, but five: the visitor was a vixen and had dropped her cubs beneath the staging in the woodshed; the weird howls on the heath a few months earlier at last found an explanation: a dog fox had been calling for her, but, in a manner not unfamiliar to Blackheath gossip, he was no longer to be seen after putting her in the family way.

The Gould-Porrits decided that the shed door should be propped open; they designated it a nature reserve and every other night allowed the children to stay up late. From their bedroom window they could sometimes see five pairs of eyes gleaming in the gloaming. It was not entirely clear what they ate, but Nigel had seen a TV programme which stressed a fox's fondness for fruit and mice.

At the weekend, the children tiptoed down to the nature reserve and left saucers of milk for the new family. There was only one problem: by now, the shed smelt horribly musty and on warm spring days Daniella found that she had to shut every window in the house.

The smell did not deter the young Gould-Porrits from their long-term plan. They would start their own adopt-a-cub scheme and let them loose eventually on the heath, allowing adopters to maintain contact every Saturday with weekly saucers of milk. In late May, however, adoption suddenly went off the agenda. Nigel woke up to find litter all over the garden; the carcasses of last night's *coq au vin* had been scattered through the forget-me-nots; bits of mutton fat had blown into the magnolia; there was a minor earthwork in the bed of paeonies which the Gould-Porrits had planted in memory of their pen-friends in the Far East.

Nigel was slow to realise the truth: the new adopted family

had plundered the dustbins, dragged litter all over the garden and were digging a starter home in the garden's most precious bed. Every night, for the next six nights, the contents of the dustbins ended in the back garden; the earthworks increased and when the Gould-Porrits hid their litter, ever more rubbish was dragged in from adjacent gardens, No's 19-41.

It was bad enough picking cling-film off the Scots Burnet roses: Nigel tried to inspect the shed, but the scent was overpowering and he had to admit to fearing for his trousers. On Whit-Monday, events took a gruesome turn.

He woke up to find five dead guinea-pigs tossed beneath the lilacs. It was not even that the foxes had eaten them: when the Quorn Hattersleys rang up from No 33 to ask why there were claw-marks all over their hutch, he hardly dared to admit the truth.

The neighbours were baying for blood and threatening legal action if it came to dead kittens. At work, Nigel fortunately heard of a remedy: there was a Fox Friendly Group locally which promised relocation at minimum disturbance to uninvited guests.

The Fox Friendly fieldperson was very helpful: she explained that force was necessary, but she would keep it to a minimum, and the preferred tactic was to use sulphur-pellets to fumigate unwelcome enclosures.

On Sunday morning she lit a trail of sulphur, threw it into the shed and swiftly shut the door. After a while, she re-opened it and asked them to stand and watch. There was a dreadful stench of bad eggs, a cloud of smoke, but Daniella did see an unsteady brown form, lurching into the bushes. As the smoke cleared, there had clearly been a mishap: two of the cubs were choking by the compost heap, victims of Friendly trench warfare. Four hours later, they had died a slow death down by the Gould-Porrits' bird table.

Accidents happen and the children thought it fair revenge for the guinea-pigs. It did not result in relocation. Two weeks later, there were two earths, not one, in the main border. The surviving adoptees had invited another family to join them and side by side they had gone to ground.

At this point, something snapped in Daniella. Here were predators ruining her garden: it was early July and she was reading all over the papers that foxhunting was high on the political agenda and that the Labour party had draft proposals for alternative fox control. She sent off for copies of the working paper, tentatively entitled "In Place of Scent." She even rang Ron Davies, a Labour agricultural spokesman, who had been telling the public in the media that foxhunting controlled nothing and that he himself had better ways.

"In Place of Scent" was not what she expected. Fox hunts would be banned in the first weeks of Labour government, although a few Fox Destruction Societies would be licensed in their place. Daniella did not at all like the logic of the party's proposals to use dogs to drive out foxes wherever they were troublesome and funnel them towards lines of guns, carried by members of the middle-to-working classes.

Ron Davies turned out to be no better. His ideas of fox-control were merely based on evenings he had spent potting foxes with a shotgun. Daniella gathered that it was not at all clear if he had a gun licence and anyway, the prospect of hundreds of wounded, badly-hit animals was almost as gruesome as the Fox Friendly method of sulphur gassing cubs.

By late summer it was not even safe for the children to go out at twilight in their dressing-gowns. The Gould-Porrits were longing for a solution, but they refused to shoot and they certainly will not use gas knowingly. However, they do believe strongly in using natural means to control nature, and when three more guinea pigs went missing Nigel saw that there was a natural inference from this premise.

If foxes kill guinea pigs, what will kill foxes? If it will not kill them, what animal will chase them? From this rock-hard logic, the Blackheath Blazers were formed at the drop of a few telephone calls. Some local bassetts, two veteran foxhounds and an unspecified number of security dogs are reported to have been contacted for a Boxing Day meet.

"Foxes have holes, the birds of the air have nests . . .". A self-help group like the Blazers needs an honorary figurehead, and on hearing these words recently in church Daniella has taken the initiative. Hoping for a miracle, she has written to the local hero, Terry Waite, to see if he will accept the offer of chairman of this well-meant society, set up to help people fend for themselves.

TRAVEL

Deep and crisp and even: reindeer wait patiently by their sleighs before taking their passengers to visit Father Christmas

The red-nosed Concorde

***Richard Gilbert** takes a supersonic trip to Lapland to see Santa Claus*

ON THE last Sunday before Christmas, Neil Overton was taken by his parents from Sutton Coldfield, near Birmingham, to a London hotel to celebrate his eighth birthday.

He thought he was going to see a pantomime, so was puzzled when he had to get up at 6am at Heathrow's Sheraton Skyline hotel. Mystification turned to incredulity when his parents told him that instead of seeing *Cinderella* he was going to fly in Concorde on a supersonic day return to Lapland to meet Father Christmas.

Perhaps you think that Santa lives at the North Pole. In fact, the Finnish tourist authority makes it clear that he moved to Lapland some years ago. This is a delicate issue in Scandinavia, and the conflicting claims over the true homeland of *Julenissen* (as Santa is known in northern Europe), has led to such unseasonal bitterness that it has been dubbed the "Claus Wars." At a world congress of Nordic Father Christmasses in Copenhagen, tempers rose so high that a Greenlander and a Finn had to be separated from a threatened duel with dog whips.

Lapland stretches right across Norway, Sweden and Finland and is normally such a peaceful region that it has no word for "war." (There are, however, at least 28 words to describe different kinds of snow).

The governor of Finnish Lapland decreed in 1974 that Santa Claus Land lay within his territory on the Arctic Circle and that Santa's fantasy world and toyland was based near the town of Rovaniemi. That is why Neil Overton and 100 other passengers were boarding Concorde for a flight from Heathrow to a frozen town on the Arctic Circle one rainy morning a year ago.

The fantasy was double-edged: flying in Concorde and visiting Santa for the day in Lapland. The crew kept up an informative and droll commentary from the flight-deck during the 135-minute journey. As we accelerated to Mach 2, the captain told us that we would feel "a gentle kick up the bum." Over Norway we settled down to a cruising speed of 1,350mph, heading faster than the muzzle velocity of a rifle bullet to Rovaniemi.

All passengers were invited in groups to the cramped flight deck where the crew pointed out a unique view of the earth's curvature – Concorde flies 20,000 ft higher than any other passenger aircraft.

"There are only a couple of planes in the world that can outpace this lovely lady," said the flight engineer, "and they're fighter aircraft." In the 30 seconds it took to return to my seat, we flew 11 miles. That is why the crew likes to say: "We never know where we are, only where we were."

Every passenger on the flight had a story. Monica Scott from Henley-on-Thames, Oxfordshire, won a Premium Bond prize and decided to splurge it on one unforgettable day. "I daren't tell the rest of the family until I get back," she admitted.

Five members of the Fowler family from Aylesbury, in Buckinghamshire, were enjoying a remarkable Christmas present from their grandparents. A businessman who flies regularly by Concorde to New York had decided to show his wife and young son why the aircraft was so special.

There were prizewinners from TV game shows, hi-tech salesmen who had won incentive awards, and generous parents who wanted to give their children a memorable Christmas present. "I'd rather spend £1,500 on a single day like this than have a fortnight on the Costa del Sol," said a 35-year-old foundry manager.

As we approached the Arctic Circle there was a frantic bustle as far-sighted passengers started to don moon-boots, mufflers, goggles, balaclavas, long-johns and ski-suits. The captain announced that the outside temperature would be −29°C and that wind-chill would add a few more degrees to that. I was trying to imagine what −35°C would feel like when I remembered that, ignoring good advice, I was not even wearing a vest.

At Rovaniemi the snow was crisp, very deep and even. It had been lying on the ground for three months and would be there another three. Santa greeted us with his shy reindeer and a group of Lapps in native costume. The droop-nosed Concorde looked very lonely and out of place at this bleak little airport.

Heated coaches whisked us through spectacular landscapes that looked like an endless parody of Christmas card illustrations: acres of snow-covered forests and fells, frozen rivers and herds of wandering reindeer. Every branch of every spruce and fir was coated with ice and snow. We stopped at a frozen lake where Lapps were cooking reindeer meat over log fires on the thick ice. There were snowmobiles and reindeer sleighs in which to ride around the lake before the Lapps offered us an intriguing cocktail of reindeer milk, whisky and honey.

An elderly costumed Lapp anointed my forehead with a charcoal-covered brush as part of the Arctic Circle crossing ceremony. We ate slivers of barbecued reindeer – no relation of the one that has just taken us round the lake, asked an anxious child?

Nearby was Santa Claus Village where Father Christmas has his global HQ. Like the chairman of any thriving worldwide corporation, he has all the trappings of executive power – a powerful database of 500,000 children who have written to him: loyal lieutenants in the shape of red-costumed elf assistants who man the phones, banks and post office, and a retail complex where you can buy Lapp souvenirs.

By mid-afternoon it was pitch-black and time for a Christmas banquet at the nearby Hotel Pohjanhovi. The manager greeted us with a Finnish rendition of *Silent Night* and explained how to tackle the buffet choice of 51 Lapp delicacies spread across the central table. We kicked off with Baltic herrings, smoked salmon and salted whitefish, followed by smoked reindeer, elk steak and Finnish plum pudding. For the finale, Santa arrived with his reindeer through the French windows and gave every child a personalised gift.

As we headed home at 1,350mph, a passenger said: "I know £1,495 isn't cheap, but my family gets a return flight on the fastest and most exciting aircraft in the world, the children see Santa Claus, Finland and the Northern Lights, and I don't even miss a day's work."

Every passenger applauded Concorde's perfect 200mph touchdown. "I've heard of day returns, but this is ridiculous," said my neighbour.

■ Goodwood Travel's flight to Lapland tomorrow is full. However, it organises a variety of other Concorde jaunts. Details: Goodwood Travel, Concorde House, Stour Street, Canterbury, Kent CT1 2NZ. Brochures: tel: 0227-764949.

Skiing/**Arnold Wilson**

Flying Scot

YOU WOULD expect a Scot who once regularly hit speeds of more than 125 mph while speed-skiing in Chile to be macho man personified. But marriage and fatherhood have mellowed John Clark, once the eighth-fastest man in the world on skis. Clark, the Scottish team coach and chief instructor at the new Scottish resort of Aonach Mor, now sports a pony-tail, and when I arrived at the Chalet Tarentaise, in the picturesque French hamlet of Le Pre, he was drawing elephants for the children while making himself useful in the kitchen.

On the slopes, however, the flying Scot has not gone soft. He has been signed up by Optimum Ski Courses to run the race training camp which it stages as a curtain-raiser to the ski season.

Optimum is a small but select operation run by two former ski instructors from Andorra, Chalky White and Martin Rowe. Rowe is a British Association of Ski Instructors trainer-examiner. They are based just above Villaroger, close to Bourg St Maurice – the end of the line in the Tarentaise valley where the Winter Olympics will be held in February.

Villaroger is a handy place. In summer it is within half-an-hour or so of France's biggest and most important summer skiing area, Tignes, where they like to boast that you can ski 365 days a year. In winter it is directly linked into the Les Arcs/Peisey-Vallandry ski network. Indeed, the magnificent 16-kilometre black run (with a partial red variant) all the way from the Aiguille rouge down virtually to the back door of Optimum's Chalet Tarentaise is one of the most celebrated in the Alps.

For most of the winter Optimum offers courses in basic ski technique – or whatever their clients want – but prior to Christmas it provides special race-training weeks (hence John Clark) and, in February-March, off-piste courses. One can see the attraction of lessons in powder technique, but why would a recreational skier want to learn how to race?

It is partly for kudos. Imagine telling your friends you have been to a "race-training camp" instead of taking the family to Mayrhofen. More seriously, race training is excellent for improving all-round technique. "It's a bit like driving a car," says Clark. "You have both technical and tactical considerations. You have an accelerator, clutch and brakes – that's the technical side. But when you approach a roundabout you can't suddenly slam the car into second gear at the last moment. You've got to learn when and how to do it in advance. That's tactical. Once you've learned how to ski slalom gates, everything else will seem easy."

One of the first things to get the hang of are these spring-loaded poles. Instead of skiing round them, you have to get so close that you actually hit them. If you are skiing fast enough they can give you a nasty thwack on the shoulder, chest or leg.

Even some of the sturdy instructors on the course were rushing off to the sports shop to buy gaudily-coloured plastic gate-guards to wear like armour on vulnerable parts of their bodies. Sandy Readman, a strapping Scottish farmer, himself an ex-ski instructor, was covered with bruises after attacking the gates with gusto. The next day he was covered with gate-guards.

Clark got up to all kinds of tricks to fine-tune our technique. First it was outside each gate (thwack, thwack). Then it was "outside the red" (thwack) and "inside the blue" (thwack.) Then it was inside both red and blue (thwack, thwack, thwack.) The idea is that at first you carve your turns at a slower pace, but as you move inside the gates you take a straighter line and therefore ski faster. This means your technique has to become more and more intuitive.

Clark is right about "normal" skiing seeming easier after a few sessions through the gates: when we cruised the exhilarating run from the Grande Motte (11,500 ft) down to Val Claret (4,500 vertical ft) it felt like a piece of cake.

■ *Optimum Ski Courses* (tel: 081-980-3911) cost £274 half-board per week plus £141 for the race-training course or £175 for off-piste. Flights are extra.

Motoring

Make certain of a gripping new year

***Stuart Marshall** on revised tyre safety regulations*

IF LOTS of British motorists get caught out by the new tyre safety regulations coming into force on January 1, they will have no-one to blame but themselves.

We do not take proper care of our tyres. When we drive, our lives depend on them. You would never think so from the state of our tyres when we change them.

Shell says that more than 50 per cent of those replaced at its 140 Superdrive motoring centres are routinely worn beyond the present legal limit. Other tyre specialists tell the same story.

Though Superdrive speaks of a hard core of people deliberately continuing to drive on tyres they know to be illegal and dangerous, mainly it is down to simple neglect. Unless you get down on your hands and knees, tyres do tend to be out of sight, out of mind.

But now is the time for motorists to give them a close look. Better still, to take their cars to a local specialist tyre dealer. They will be happy to inspect them for nothing, knowing that in many cases it will lead to new tyre sales.

On New Year's Day, Britain comes closer to the general standard of mainland Europe. The law will then demand tread pattern more than 1.6 mm (one-sixteenth of an inch) deep over the central three-quarters of a car tyre around its entire circumference.

To many motorists, a tyre meeting this requirement will look as if it has several thousands of miles of life left. But it has not. It is right on the ragged edge of legality. And the penalty for having a dud tyre can be high. Apart from a hefty fine, three driving licence penalty points can be awarded for each illegally worn tyre.

Is all this a case of more EC harmonisation for its own sake – or is the tougher standard really necessary? While most road accidents are due to human error, impatience, aggression and the rest of it, there can be no argument that worn tyres are an additional hazard in wet weather.

The grooves and channels on the tread are there to clear water away so the rubber footprint runs on relatively dry tarmac. If the water cannot get away fast enough, the tyre will aquaplane and lose contact with the road. Obviously the car will be out of the driver's control until the tyres grip again.

Dunlop engineers recently showed how worn tyres increase wet weather driving risks.

They flooded a section of the British Motor Industry Research Association's proving ground in the Midlands with water 5 mm deep – typical of conditions on a motorway in torrential rain. A car with new tyres did not aquaplane until the 70 mph (113 kph) speed limit was exceeded. Tyres almost worn out but still legal at present began aquaplaning at only 48 mph (77 kph). Those meeting the new regulations held on until 56 mph (90 kph).

Even if you think your tyres still have plenty of tread on them, get them checked anyway. It could save you money. Wait until after January 1 and you may find today's big discounts have been swept away by a flood of customers fearful of being pinched for driving on illegal tyres.

□□□

Fiat's new Cinquecento could prove to be one of the decade's most significant cars. It is tiny, will be very cheap, uses little fuel and brings a refreshing breath of realism to the motoring scene.

It acknowledges that if people are to continue to be allowed to drive into city centres, then the only way to stop every inch of road from being jammed solid is to reduce the size of the cars.

So the front-wheel driven Cinquecento (Five Hundred if you prefer) is little bigger than a Rover Mini at 323 cm (10ft 7in) long and 149 cm (4ft 11in) wide, quite a bit shorter and narrower than a Rover Metro. But it is nearly 6 cm (more than 2in) higher than a Metro. That is why when I sat up straight behind the wheel or in the back my head was nowhere near the roof – and I am nearly 6ft 2in (188 cm) tall.

If the Cinquecento, to be made in Fiat's Polish factory, were on sale now, it would cost less than the cheapest Panda, or around £4,600. We shall have to wait nearly a year for it to arrive in Britain with right hand steering though sales to left hand drive markets start from March.

There are two petrol-engined models and one battery electric, which seems more of an exercise in environmental public relations than a serious commercial project.

West European markets, Britain included, will get the version powered by a four-cylinder 903 cc, 41 horsepower engine developed from the veteran power unit first seen in the Fiat 127. A two-cylinder, 704 cc, 31 horsepower Cinquecento is for Eastern Europe. Fiat hopes it will mechanise low income farmers there in the same way as the Citroën *deux chevaux* put the French behind two cylinders instead of one horse 40 years ago.

When I drove the 4-cylinder Cinquecento in Rome's traffic-infested and litter strewn southern outskirts last week it enchanted me. It was not noisy, had comfortable seats and seemed impossibly roomy for so tiny a car. Only the stiff and rubbery gearshift earned a black mark.

Fiat claims an average consumption of 5.65 litres per 100 km (50 mpg) for the 903 cc model, with or without a catalyser.

Just four more days to fill your stocking

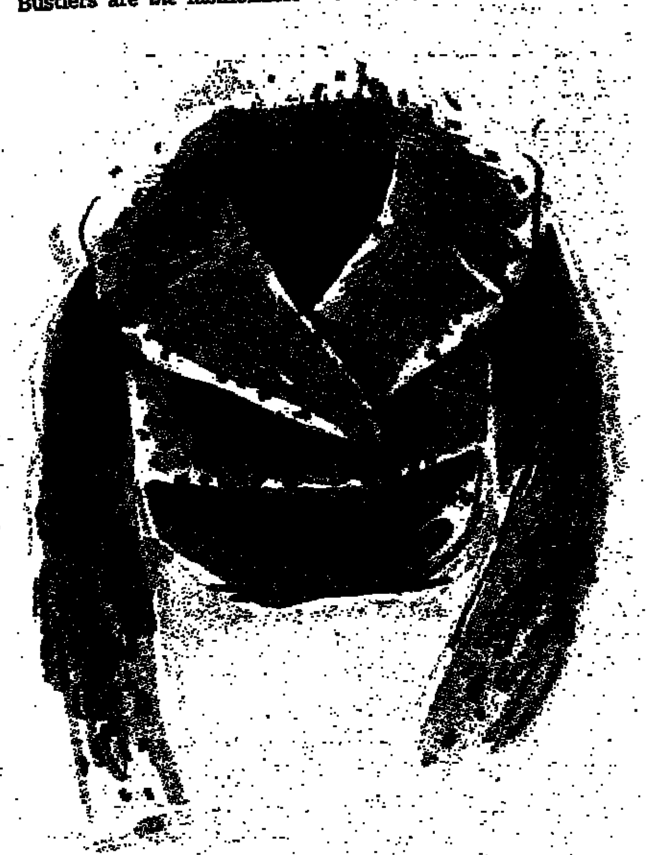
The Big Day is nearly upon us.
***Lucia van der Post** hunts down*
last-minute Christmas gifts

HERE WE are, with the season of goodwill to all men right upon us – time, in other words, to put away disapproving, censorious thoughts and conjure up ways of pleasing and pandering. Never mind that old uncle Samuel is overly fond of the port, that scruffy Ben's taste in music is distinctly odd, or that young Anastasia can never be persuaded into anything more modest than that pelmet she will insist on calling a skirt. Give them all the presents they really want, say I – after the year most of us have had it is perhaps time for a little "sod the recession" celebration. Here, for those who are still hovering between the pink shirt or the blue, between the bottle of bath salts and the three handkerchiefs, are some ideas that may solve a small present problem . . .

■ If HE has never got his evening wear into any kind of order, or has grown out of the inherited dinner jacket that the family rustled up when he went to his first grand "do", you might like to think of a splendid velvet smoking jacket instead. Sketched here is a beautiful version from all branches of Moss Bros – in burgundy, bottle green, black or navy it comes in chest sizes 38 in to 46 in and costs £295.

With it should be worn pure wool black dress trousers, £59.95, a cream cotton dinner shirt, £39.95, and a burgundy patterned cummerband and tie set, £49.94. Also from all branches of Moss Bros.

For chaps who like sitting around their own home what could be more comfortable than a pair of black velvet slippers? £51 from all Church's Shoe concessionaires, including Moss Bros.



DRAWINGS: ANNIE FARRALL

■ Versailles tubs made from polyethylene but painted to look authentically "woody" make classy-looking containers for Christmas trees – AND they have another life as plant or bulb containers after the last pine needle finally drops off. You can ring Porteus Planters, Yanworth House, Yanworth, Cheltenham, any time today or tomorrow on tel: 0285-72007 and one will be delivered before Christmas Day. They measure 13½ by 13½ in and cost £18.40 each, including carriage.

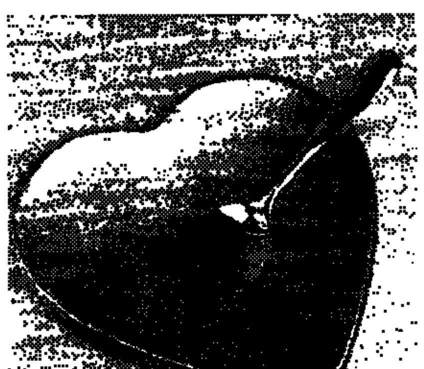
Many ladies-who-lunch make sure to lunch meagrely just so they can fit into the latest Azzedine Alaia. It follows that those who achieve the state of Nirvana (flat stomach, slim hips) need an Alaia to set it off. Not so show-off as his slinky Lycra numbers, but still best reserved for the slim and lanky, this fake chinchilla jacket (bottom) is just the thing to top leggings or ski-pants. £440 (p+p £5) from Browns, 23-27 South Molton Street, London W1.

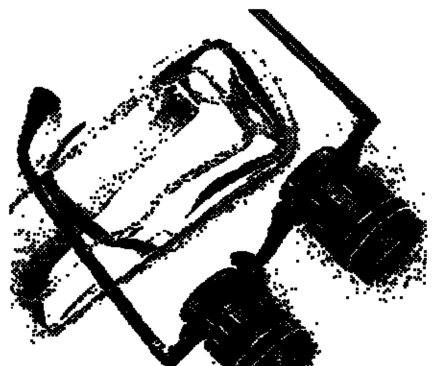
Bustiers are *the* fashionable item of the moment – the young and daring can team them with leggings or ski-pants, the more sedate can wear them demurely under jackets. This version (left) by Moschino in black velvet costs £234 from Palmer, 4 Motcomb Street, London SW1.

The plainest of little black dresses would be enlivened by the dramatic flash of colour provided by this downy soft boa (bottom left). In flame red or cyclamen, £30 from Image d'Or, 7 Pond Place, London SW3.

■ Heal's, of Tottenham Court Road, London W1, is a good source of contemporary presents. Apart from some of the most tasteful crackers in town there are sumptuous gold plates, a good range of games for those marooned in house parties (carpet croquet, tiddly croquet and tennis.) and a wide range of Christmas decorations and foods. Photographed above is a selection of ideas, ranging from the flat Bo Hansen watch at £235 or the pear and sycamore mirror at £155, to coloured champagne flutes at £7.95, candles at £3.60 and star garlands at £5.95. The marvellously decorative candlesticks cost from £15.50 to £38.

A parcel of gift ideas





■ CLASSIC cashmere sweaters make a lovely present. Round or V-necked double cashmere sweaters at £89.50 each – about half the usual retail price – can be ordered from Hunters of Brora today between 9 am and 5.15 pm by ringing 0408-21366 (fax 0408 21103). They come in yellow, garnet red, navy, bottle green or camel. High-buttoning women's cardigans come in burgundy, navy, tartan green or slatey blue at the same price. They will be posted first class today.

■ Much in vogue at the moment is tartan – Hunters of Brora will also post first class today any of its 5 ft by 6 ft pure woollen rugs in any of seven of the major tartans – Muted Buchanan (which means the classic colours but softened almost to a pastel tone), Black Watch, Royal Stewart, Muted Sutherland, Caledonian, Dress Gordon and Muted Frazer. £49.50 each.

■ Anybody who has a copy of Next Directory can ring 0345-100-500 and anything still in stock will be delivered to the door (either yours or anybody else's) within 48 hours. For women, for instance, there are still some lovely long-length shot gold chiffon skirts at £64.99, and gauzy see-through black chiffon blouses at £42.99. From larger Next stores there are crocodile-effect leather hip-flasks (photographed right) at £17.99 each while the sports flask and packaway cups, left, are £26.99 – the sports flask and cups are also available from the Directory.

■ For the graphic design set – those whose tastes run to the sleek, the high-tech or the avant-garde – Authentics at 42 Shelton Street, London WC2 and Maison 917-919 Fulham Road, London SW6 and 47-49 Neal Street, London WC2 are the places to visit. Maison's second shop in London's Covent Garden is particularly fine, a new minimalist temple designed by Eva Jiricna – go there for Philippe Starck's latest numbers, for fruit-shaped hot-water bottles (£12.95 each), for beautifully made Japanese bathcare items (body-brushes for £15.25), for the ultimate opera glasses (£79), photographed above centre with a chrome spectacle case (£7.25). The gold heart-shaped plate, photographed above left, is also from Maison, £25.50.

■ If you are really stuck for one of those huntin', shootin' and fishing' types, William Evans of 67a St James' Street, London, (Tel. 071-493-0415) offers a voucher which promises a complete strip-down, clean and check of his gun at the end of the season.

■ Cologne and Cotton, 74 Regent Street, Leamington Spa (tel: 0926-332573) stocks delectable pure cotton bedlinen; a pair of 26 in hem-stitched Oxford bordered pillowcases would make a wonderful present at £8.50 each. There are Chinese cotton handkerchieves at 95p each as well as fine sheets and other bedlinen. It will dispatch telephone orders today.

■ For stockings, all from The Conran Shop, 81 Fulham Road, London SW3: the ultimate potato peeler, £3.95, vine leaf wrapped soaps at £2.25 each, a pack of sun-dried tomatoes at £1.95, balsamic vinegar at £4.25, a perfect pair of kitchen scissors, £6.95.

■ Women who use make-up would love some Natural Sponges (a brand-name), which are deemed by professional make-up artists to be the best method of achieving a flawless complexion. All good chemists, including Bell, Son & Croydon, Wigmore Street and Taylor of Old Bond Street, sell them in varying sizes starting at £1.

■ For the keep-fit fan, why not make him or her a member of a really good club? For City chaps the Espree club at Old Royal Mint Court, London E3 (tel: 071-488-1222) is a haven of warmth, light and comfort and offers everything from aerobics, yoga and T'ai-Chi to aromatherapy and jacuzzis. Joining fee £150, monthly dues, £46.

For tennis fans, membership of an indoor tennis club like The Carlton Tennis Club, 1 Alfred Road, off the Harrow Road, London W2 (tel: 071-286-1985) at £625 plus £65 a month may seem a lot but when you think how much real estate space an indoor tennis court uses this may put the fees into proportion. Off-peak play is cheaper – £315 plus £35 a month. Each new full individual membership comes with £120 of free goods from the sports shop – if you telephone today you can have the gift-wrapped membership card and the goods by Christmas.

■ For the chap who has everything – help him make a rhino happy by sending a donation to the Adopt a Rhino scheme. Donations should ideally be in multiples of £25 and the adoptee will receive adoption papers for the (share of the) rhino of your choice, a copy of your rhino's family tree, a photograph and annual updates on how the rhino is faring! Contact Friends of Conservation, Sloane Square House, Holbein Place, London SW1, tel: 071-730-7904.

■ Anybody who can get to The Museum Store, 37 The Market, The Piazza, Covent Garden, London WC2E 8RF will find it a source of wonderfully original presents. For example: the Audubon Bird Call, £4.99, to attract birds. Pressed glass tumblers from the Metropolitan Museum of Art are £3.99 each, while the San Francisco Opera "The Complete Opera kit" of baton, score and cassette to conduct to (complete with background coughs) is £21.99.

■ A ready-framed print or picture makes a splendid present. Many galleries all over the UK have special exhibitions of affordable art in the run-up to Christmas. La Galerie, of 225 Ebury Street, London SW1, has watercolours of pretty French rustic scenes for £125 ready-framed. The mood is gentle, pastoral, representational. Opening hours are from 10 am to 4 pm today, from 10 am to 6 pm on Monday, and from 10 am to 3 pm on Tuesday.

Also representational are the many original oils and watercolours at the Llewellyn Alexander The Four Seasons Exhibition at 124-126 The Cut, Waterloo, London SE1 8LN. Open today from 2 pm to 7.30 and on Monday (but not Tuesday) from 10 am to 7.30. Prices start at £120 and there is lots under £500. The Art Collection at 3- 5 Elystan Street, London SW3 has oils, watercolours and drawings from all periods starting at £50 and though the top price is £1,250 more than half the pictures for sale cost under £400.

For those who prefer contemporary work The Cooling Gallery, 38 Albemarle Street, London W1 sells only the work of young artists, many of them recent graduates from our best art schools, quite a lot of it abstract. Prices start at £150, there is lots of choice at £150 and nothing over £2,500.

L v d P

A perfection which palls

***Patricia Morison** is unimpressed with Nionga painting at the BM*

A NEW wave of the Japanese Festival has broken over the British Museum, bringing us a further selection of masterpieces, Important Cultural Property and the like. The first wave brought us the medieval Kamakura sculpture, which was quite one of the best things the Museum has ever done. Now there is *Nihonga: Traditional Japanese Painting 1900-40.* Without doubt some visitors will find awesome skill and beauty in this selection of scrolls, hangings and folding screens. This is classic Nihonga, from its golden decades. Unfortunately, I continue to find it about as exciting as a bowl of cold porridge.

"A first exposure should consist of what is both good and comprehensible", as the catalogue sententiously remarks. (Or maybe nervously; the Barbican staged an exhibition of new Nihonga a few years ago which I missed, but which by common report was a disaster.) Our "exposure" comes through the greatest masters of the Nihonga school, in particular Yokoyama Taikan, Shimomura Kanzan and Hishida Shunso. It also comes with a double dose, because traditional Japanese painting, with its silks and delicate pigments, is exceedingly fragile. The exhibition is in two parts, the first running until January 26, the second from January 28 to March 1. It is sponsored by the Asahi Shimbun and Konica Corporation.

Nihonga was a term which came into use in the decade 1880-90 to describe the traditionalist school of painting fostered by the critic, Okakura Tenshin, and the American philosopher Ernest Fenollosa. After 30 years of saturation by western influences, artistic and intellectual, it was time to shore up the defences all round. The Period of Isolation would never return; so much was clear. Tenshin and Fenollosa realised that centuries of artistic tradition were endangered by the dominance of European art-teaching. Who was going to hand on the old skills, how to paint chrysanthemums with the approved number of strokes, how to suggest with the lightest stroke of a brush the veil of rain falling over a paddy-field?

And yet, what makes Nihonga so particularly problematic to a western public is its absorption of western influences. Tenshin's acolytes were encouraged to travel, to Europe, to America (where they could study the Japanese collections in museums), and to China. It is harder for us to spot the revivifying effect of a visit to China, for example in Taikan's "The Shade of Willows", then to see the strangeness which creeps in to Japanese landscapes painted by artists who had conscientiously studied Claude or Turner.

Kanzan is a good case. He revived the medieval narrative scroll, studying examples he found in temple libraries. The Imperial Visit to Ohara is regarded today as a great Nihonga masterpiece, and its tremendous length is certainly impressive. But how oddly Victorian it looks, its figures too large in the landscape, somehow too ploddingly literal. The problem is so often one of scale; these screens are simply too big to take Ryushi's Flaming Leaves, a gold design which belongs embossed in exquisite detail on lacquer boxes. The brilliant ladies of Ukiyoe prints become bilious when blown up for large hanging scrolls.

One can see that these so-traditional images would have been thrilling – above all to a nationalistic public which wanted to see Japanese art – in exhibitions, exported overseas, in boardrooms, in the smart new department stores. Here is the start of corporate art in Japan. But to my eye, at least, it strikes a dull and repetitive note, a perfection of technique which bores and chills.

'Young Woman' by Kikuchi Keigetsu, 1932

A recently restored building destroyed by shells in Vukovar

Cost of conflict

CROATIA: *The Cost of Conflict* is a poignant exhibition of seventy photographs showing the toll that war has taken of Croatia's historic monuments. It runs until January 10 at the Building Centre at 16, Store Street, London WC1 (tel. 637-1022); a smaller exhibition runs concurrently in the vestibule of the Courtauld Institute of Art in Somerset House. Seventy photographs make a depressing record of the devastation wreaked in one of Europe's richest cultural regions.

Fine old 18th-century houses are left roofless and gaping to the elements. Spires of churches are toppled or bisected, as if someone had sliced them with a knife. The elegant palace of the Counts of Eltz at Vukovar was photographed in September after the central pavilion had been smashed. But the exhibition is tragically out of date; since the autumn, the palace has been razed to the ground. Churches and monasteries are reported to have suffered particularly severely.

The exhibition, which is supported by the British branch of The International Council on Monuments and Sites (Icomos), marks the launch of a fund for the eventual repair of the Croatia's heritage. In January, the exhibition will transfer to New York, although the venue is not yet finalised. Meanwhile, further information is available from the appeal organiser, Lady Beresford-Peirse, 34 Cadogan Square, London SW1X OJLL.

Patricia Morison

A miraculous 'Triptych'

AT THE Manhattan School of Music this month, Alexander Goehr's *Triptych* had its American premiere. In these columns I hailed the first instalment, *Naboth's Vineyard*, when it appeared at a 1968 City of London Festival. Two decades on, Max Loppert described the three operas as "built to last." And I thought they had lost none of their freshness, strength, and beauty.

Stephen Wadsworth's production was elaborate. Naboth refused to sell the family liquor store next-door to Ahab's house. In the final tableau, as God declares He will delay vengeance on Ahab until the next generation, Ahab's toddler sons appeared. In *Shadowplay* (which was set in a cellar of Jews in hiding, the shadows cast from the street outside) they were adolescents, and they were young men in *Sonata about Jerusalem*, where one was killed by thugs early on and the other, who played the Narrator, was shot at the close. The casts were filled out (doublings ignored): there was a company of 30; and in a pit three flutes, three clarinets shared the solo lines between them.

This goes clean against Goehr's expressed intentions, but – as David Pountney wrote the other day – people tend to love "directorial intervention" when it seems to work, and hate it only when it doesn't. (Compare the Richard Jones who produced the Scottish *Ring* with the Richard Jones who produced the ENO *Fledermaus*.) This show "worked", and I loved it. The scenes (designer David Birn, lighting by Chris Akerlind) were distinguished, powerful and beautiful. Wadsworth at his best (the Seattle *Orphe*, the Milwaukee Monteverdis, and now this *Triptych*, his New York debut) has a wonderfully imaginative eye for stage imagery; he is never unmusical; he can teach singers how to move, and when and *why* to move.

Everything told, and everything told in Goehr's miraculous scores, where a voice and a clarinet can in a few bars say what in grand opera a dramatic soprano and full orchestra take many pages to tell; where (in *Shadowplay*) a small ensemble paints thrilling tone pictures of a star-filled sky, sunrise beheld for the first time, a parade of the seasons; where (in the *Sonata*) the essence of "Va pensiero" is distilled into five bars. David Gilbert conducted instrumentalists who revelled in the virtuoso writing. Joanna Johnston, Arn Prince, John Kuether, Jorge Garza, and Keith Heiman headed an expert cast. It is rare in New York to see opera so intelligently and thoroughly prepared and performed. Theodor Uppmann, the first and unforgettable Billy Budd (40 years ago), and now on the Manhattan faculty, played a Village Elder.

*

Manhattan's three performances of *Triptych* coincided with three revivals at the Juilliard School of *Vanessa* – derivative late-romantic tosh, libretto by Menotti and music by Samuel Barber, which was first heard at the Metropolitan Opera 34 years ago. Graham Vick's elegant, witty, wicked 1988 production, in St. Louis, coupled with the increasing performance here of Janáček's honest operas, should have killed the piece for ever in this country, but "nostalgia" – what Vick called "the desire to retreat into an invented past" – dies hard. Richard Bradshaw, conducting, made the most of Barber's "well-written" music (and well written it is but to what purpose?). The staging was plebeian, ugly, clumsy, ridiculous. The gifts of talented students – Jane Gilbert, the Erika, is a most promising singer – were misdirected, lavished, and squandered on operatic trash.

Andrew Porter

Keith Heiman in the New York premiere of Goehr's opera

Radio

Truthful dramas

IT'S LARGELY play-time the next couple of weeks. Two good serials are running on Radio 4, *Dracula* and *Around the World in 80 Days*, both on Thursdays, both unusually true to their origins. Nick McCarty's adaptation of Bram Stoker skips between Jonathan Harker (Bernard Holley) in Transylvania, where he has already seen his client Count Dracula (Frederick Jaeger) climbing head-first down the castle wall; fiancée Mina (Phyllis Logan) and her friend Lucy (Sharon Maharaj) in Whitby; the ship whose whole crew dies as it brings Dracula to his Purfleet estate; and poor Renfield, eating flies, spiders, birds and things. It is packed with action, and Hamish Wilson's direction keeps the screams and howls going wherever apt, or even not.

Jules Verne, dramatised by Terry James, is exciting in another way. We meet Phileas Fogg (Leslie Phillips) quietly playing whist at the Reform, quietly making an unlikely bet, quietly engaging a French servant, Passepartout (Yves Aubert), calmly setting off on the 8.45 from Charing Cross, bound for Suez, via Paris/Turin, Brindisi. But at Suez the detective Sergeant Fix decides that Fogg is the swindler who has robbed the Bank of England of £50,000. He has by now tracked him to India via Hong Kong. What is so good about this is its plain mock-truthfulness. The director is Janet Whitaker.

There were two good plays on Monday on Radio 4, too. The matinee (repeated from Saturday) was an adaptation by Michael Bakewell of a Barbara Vine thriller, *The Fatal Inversion*. A bunch of young people with more ambition than money have formed a "commune" in the house one of them has inherited. Their affairs are viewed from ten years after their stay, when the remains are found, in the pets' cemetery, of a girl and a child. The tale tells circuitously how such remains should be there; it was exciting and baffling. Jane Morgan directed.

In the evening we had D.H.Lawrence's demi-autobiographical *The Fight for Barbara*. Barbara (Abigail Bond) bolts from her husband Frederick (Christopher Ravenscroft) and lives in Italy with a miner's son, Robert (Paul Copley). Husband and in-laws follow, and the action, wonderfully sensitive, stems mainly from Barbara's dubious loyalty to her lover. Lawrence was a fine playwright, and this piece, well acted under Michael Fox's direction, was deeply stirring.

Jazz by Arrangement (Radio 3, tonight and last Saturday) is a survey by John Danckworth of the part played in jazz by the arranger, the orchestrator, as it were. He played some telling sides, by Duke Ellington, by little groups like the Benny Goodman quartet, even by a string quartet. Certainly they justify the arranging of contrasting tone-qualities, of apt settings for soloists. My generation can't write about jazz without offering our own opinions, and I think some outstanding arrangements are often unperceived – for instance, Irving Riskin's of "I'm Coming, Virginia" for Frankie Trumbauer's band, and I don't know whose (Arthur Schutt's?) of "Washboard Blues" for Red Nichols and his Five Pennies, with its imaginative recapitulation and use of the tymps.

"A disgrace," said one letter to the *Radio Times*; "an outrage," said another. They referred to a November BBC2 programme, *Saturday Night Out*, about homosexuals. To satisfy those with other ideas, Radio 5 gave us *Outrage* on Thursday, an account of a "group of lesbians and gay men in direct action and civil disobedience". It went out at 9.30, just after *Vibe!*, a teenage magazine. Its opening phrase was "too sexy to be ignored," hardly a put-off for the teenagers. Patricia Ewing, Radio 5's controller, has said that she wants a quarter of the listeners to be children. Is this what she wants for them? On the whole, I like gay men and lesbians, but as I see it, their way to campaign for "civil rights" is to behave like anyone else, not to parade hyped versions of their eccentricities, as here.

B.A. Young

To Russia with music

THE CROWD in St Petersburg last Monday was clamouring at the door, undeterred by the policemen barring its way. Suddenly there was a heave and the younger, more militant, element broke through, dragging along with them women custodians who vainly tried to stop their advance. This was not Russians desperate for food but Russians desperate for music, in particular the playing of the Youth Orchestra of a United Europe under Claudio Abbado.

A visit to Moscow and St Petersburg by the Orchestra at this time could hardly be more symbolic. It was the first union of two distinct bands, the European Community Youth Orchestra, which Abbado had nurtured in its early years with expertise and money, and the Gustav Mahler Youth Orchestra, which he created in Vienna five years ago to give a sense of purpose to young musicians in Eastern Europe and non-EC countries. There were Russians playing for Europe alongside Britons, Spaniards, and the rest.

To make the concerts even more emotional the soloists were also young Russians, one of whom, the pianist, Evgeny Kissin, is slowly succumbing to the West, while the other, the violinist Viktoria Mullova, has settled in London and was returning to her homeland after almost a decade. The ovations were endless, the audience settling into a remorseless slow handclap until Abbado and the soloists returned. The encores were exuberant. The occasions draining but sustaining.

The orchestra lost some of the spontaneous individuality for which the ECYO is celebrated with the introduction of Eastern string players, who tend to play more mechanically, but it can stand comparison with the great orchestras of the world. Close your eyes during the slow movement of Mahler's 5th Symphony and you hear perfection; open them and you see young musicians – the ECYO retires them at 23; the Easterners stay until 26 – still playing for fun rather than for a fee.

Under its indefatigable founder, Joy Bryer (who cajoled the EC into giving ecus – 300,000 this year; individual EC countries top up money with the British Government providing the most, £24,000; and a £2m five year sponsorship from Digital), the ECYO is as firmly fixed as the Community itself. It has become the house band of a united Europe and spawned numerous fledglings, notably the Chamber Orchestra of Europe.

Of the 1,000 young musicians who have toured with the ECYO, 95 per cent developed into musical professionals. In the UK Paul Watkins became, at 23, the youngest ever principal cellist of the LSO and Stephanie Gonley, at 24, the youngest ever leader of the English Chamber Orchestra. There is talk of a European Youth Choir, of an International Young Composers Competition: of a performance of Mahler's Symphony of a 1000 using all the ECYO alumni.

The trip to Russia was the shortest but most intense tour undertaken by the YOUE. The musicians came carrying food parcels and medicines: they left behind hard currency for the impoverished Conservatoire musicians of Moscow and St Petersburg to buy strings and reeds and scholarships in the West. They could also have planted the seeds of commercial prosperity, for Digital used the visit by the expanded ECYO to decorate the opening of its offices in Moscow and St Petersburg, providing an extra £85,000 to oil the wheels.

Digital had left it late to come to Russia. Its computing rivals are already there, but many chips smuggled East are based on Digital equipment. The product is appreciated. In the mornings Ministers, scientists and managers were shown the equipment and the packages; in the evening they were entertained at the concerts and at banquets.

This form of arts sponsorship can be amazingly effective. Doors open, connections are made. Digital has perfected support of the arts as an entrée to existing and prospective customers. In the UK it spends hardly any money on advertising but has worked its way through 5,000 key contacts by inviting them to the dance – Digital has for five years been the major sponsor of dance in the UK.

Even to Russia. Here the problems are immense, perhaps intractable. Months ago Jacques Delors and Mikhail Gorbachev accepted invitations to the Moscow concerts. Time has changed their fortunes. Delors cried off, citing Maastricht, but perhaps being seen last weekend with Gorbachev was considered poor politics. Gorbachev came to the second performance. It was his introduction to Mahler. He loved it.

The fact that his city had, in theory, only one day's stock of food kept the Mayor of St Petersburg away from Monday's concert, but if the leaders were absent Digital was certain that it had got through to the people that matter – or might matter.

Its support for the ECYO ends with 1993. It will almost certainly renew the connection, perhaps with refinements. An international sponsorship on this scale is unprecedented. National subsidiaries, jealous of their marketing programmes, are reluctant to fuel the communal pot. But international sponsorships produce the cash for big pushes and big pushes produce major breakthroughs.

***Antony Thorncroft** travels east with the Youth Orchestra of a United Europe*

Football crazy

GARY LINEKER, as anyone short of a desert islander must know, is not Gazza. He is the pretty one, who keeps his nose clean and his ligaments intact: the queen mother of football, as this comedy, *An Evening with Gary Lineker* at the Duchess Theatre, nicely puts it. He is not in fact the subject of Arthur Smith and Chris England's Edinburgh fringe transfer, but its object: a fantasy figure captured in his finest hour, last year's world cup semi-final against West Germany.

The precise nature of that fantasy, according to England and Smith, depends on the sex of the fantasist. To Bill and Dan, Lineker is the player so perfect that he will carry England through to world glory. All their hopes and ambitions are channelled into the television that sits, back to the audience, in the Spanish hotel room set. To Bill's exasperated wife, Monica, he becomes the white knight who will leap to her rescue and sweep her away from her marital problems.

The underlying subject of this cleverly conceived little piece, is the inability of men and women to communicate with each other. Bill and Monica's marriage is breaking up, but they cannot find a common language with which to discuss it, largely because he spends every waking hour glued to the football. She has been consoling herself with Dan, but that relationship too is bound to fail for the very same reason.

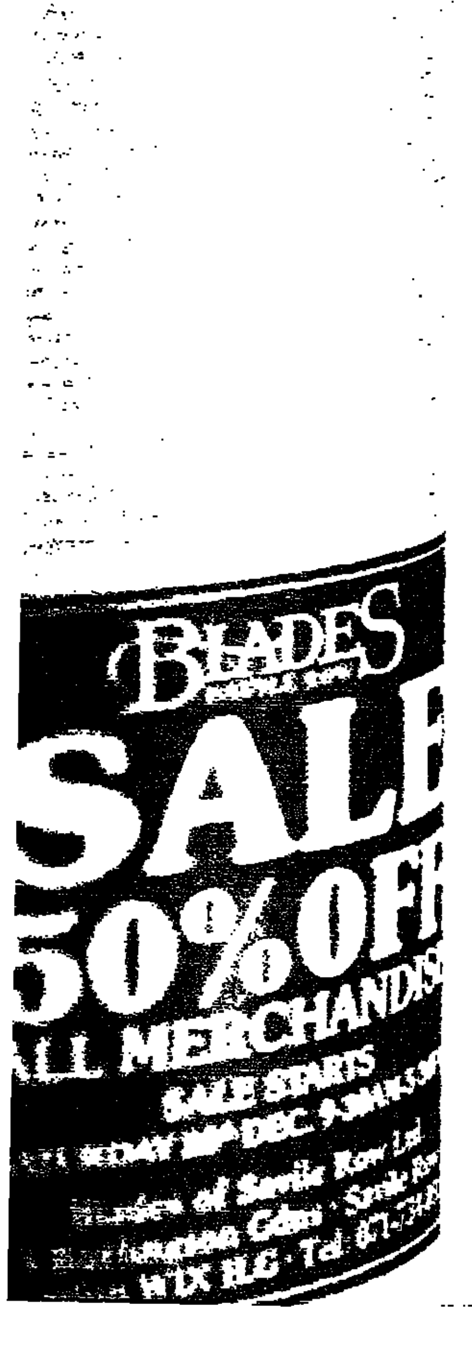
Smith and England, stalwarts of the alternative cabaret circuit, have the stand-up's eye for social detail. Their characters are not the usual soccer yobboes but the sort of media yuppies whom Channel 4, in its wisdom, is trying its damnedest to woo with American football (as if the English game was not enough for the Monicas among us to put up with).

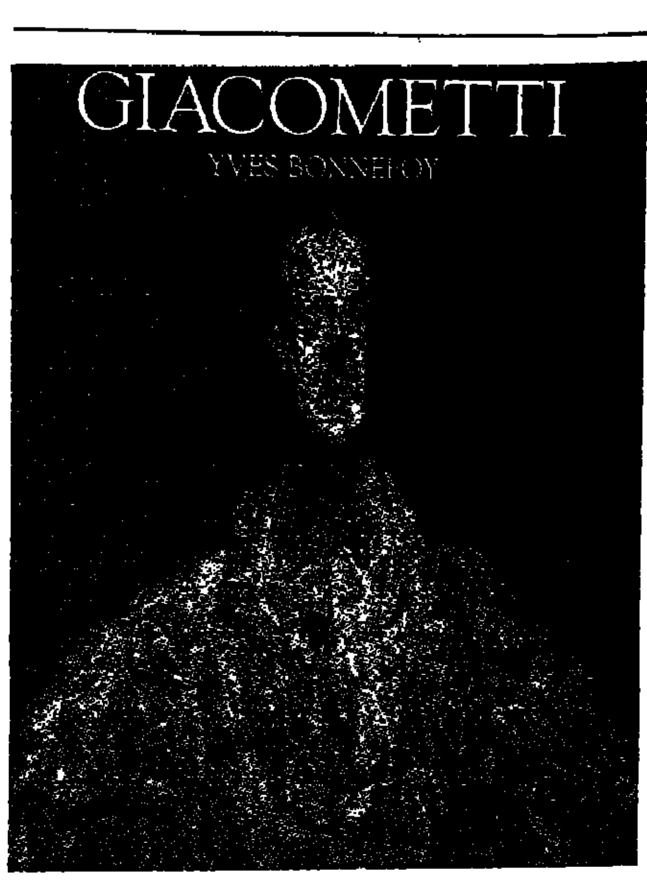
Needle sharp in its portrayal of male obsession, the show is less convincing in its analysis of the female response. Monica (played on press night by Caroline Quentin in lieu of Morwenna Banks), and Maria McErlane's blonde German courier are not as intimately satirised as the men. They are neither sent up as mercilessly as Chris England's gloriously piggy-eyed blackmailer (a neat equation here between unsporty and unsporting), nor indulged as gleefully as Andy Taylor's and Nick Hancock's soccer buffs.

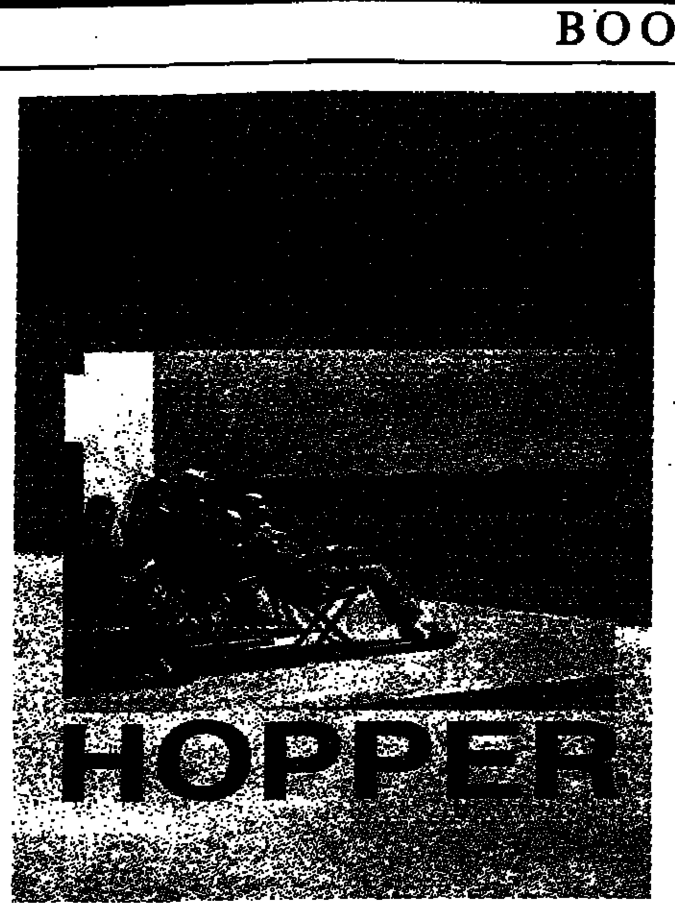
The exclusion of the two women from the main thrust of the humour underlines the basic weakness of the piece, which is its failure to break through the rigid structure it has set itself. The jokes are as fast and as deadly as a penalty shoot-out, but they are mostly variations on a single theme. They run with sporting cliché rather than crossing and tackling it. Fun though it undoubtedly is, the show – like its characters – stays glued to the unseen screen.

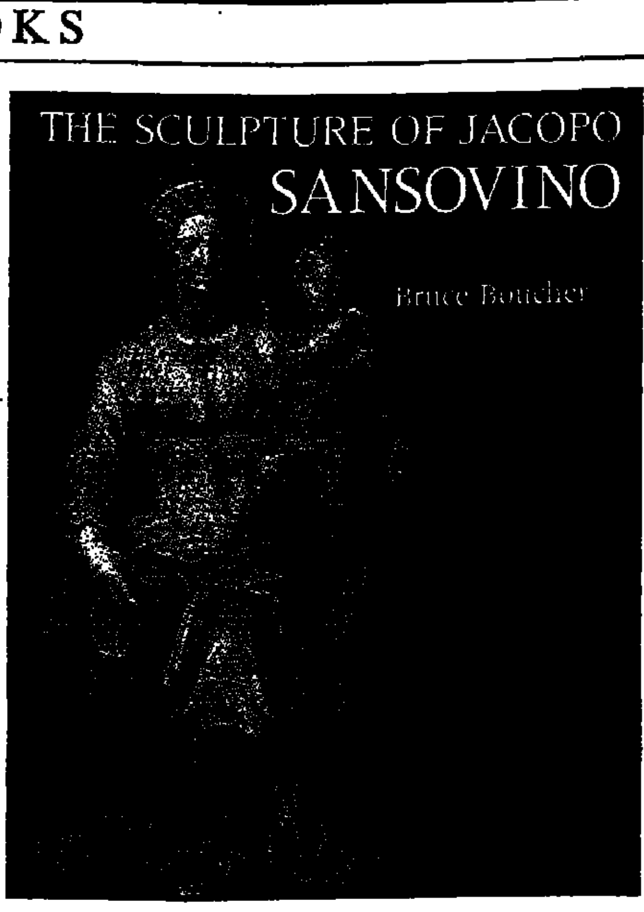
Claire Armitstead

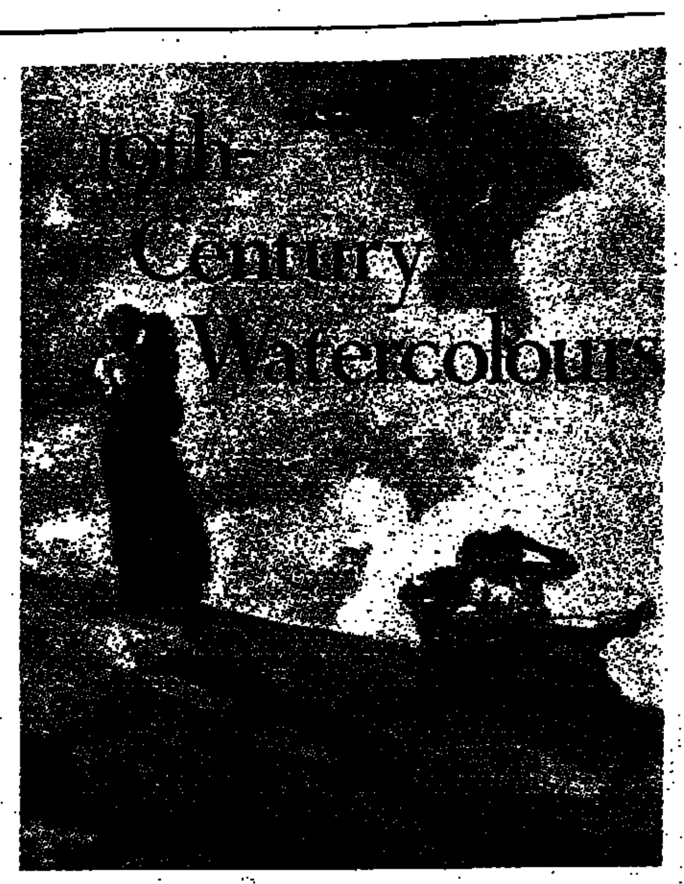
Chess No 902: 1 Qc5 (threat 2 Qxd5) dxc5 2 Re5, or Rxc5 2 Nd4, or Bxe4 2 Nf4, or Kxf5 2 Qxd5.











Strange stories from the Strand

***Anthony Curtis** recalls a pioneering magazine*

STRANGE TALES FROM THE STRAND MAGAZINE
edited by Jack Adrian
Oxford £15.95, 374 pages

DETECTIVE STORIES FROM THE STRAND MAGAZINE
edited by Jack Adrian
Oxford £15.95, 374 pages

SIGNALS: THIRTY NEW STORIES
edited by Alan Ross
Constable £13.99, 238 pages

THE GREAT flowering of the short story in Britain was closely connected with the expansion of the railways in Victorian times. On every railway bookstall there would be a number of journals whose main ingredient would be short stories. The pioneer was *The Strand Magazine* founded 100 years ago. It offered monthly a mixture of stories and general items, both supported by copious illustrations. Jack Adrian has delved into its files from its inauguration until it closed in 1950; he has found sufficient material to fill two anthologies of fine examples of the kinds of story in which the magazine specialised. Although he does not give us any of the illustrations, his collections provide, as a bonus, many fascinating details of everyday life that emerge through the fiction.

It was George Newnes, publisher of the hugely successful *Tit-Bits* who must be given the credit for seeing the need for a magazine dedicated to the one-off story and launching it in such style. But Adrian, who contributes some interesting observations on the running of the magazine and its contributors, suggests that the original idea for *The Strand* may well have stemmed from its first editor H. Greenough Smith who remained in office for 40 years. This "tall, scholarly individual with pince-nez whose sober looks belied his true personality", is now rescued from undeserved oblivion. He was a life-long crime buff, a pugnacious poker-player and an authority on French poetry. He was also a workaholic who took partial retirement from editing at the age of 75.

And to judge from "The Case of Roger Carboyne", a story about a corpse that disappears from the top of a mountain, he was himself no mean exponent of the suspenseful story. Smith imposed the rules of the game on several generations of story-writers, as in America did Captain Joseph Shaw, the editor of the crime-story magazine *Black Mask*. Shaw had the then unknown Dashiel Hammett and Raymond Chandler in his stable; Smith had an even stronger trump-card, a certain Dr A. C. Doyle.

Although fired by an ambition to become an historical novelist, Doyle sent the magazine some stories he had written about an eccentric private detective resident in Baker Street. It was Sherlock Holmes's appearance in the early numbers of the magazine that assured its success and put it way ahead in circulation and popularity of its rivals. It was primarily the readers of *The Strand* who clamoured for the resuscitation of Holmes after his creator had thought he had put him safely out of sight and out of mind.

The distinction between the detective story in its pure form and the strange tale is a fine one. The latter may also contain a crime and an element of detection, but in this kind of story an accumulation of horror, involving the supernatural, is the main point. That there is a clear dividing line between the two types of story Adrian's new anthologies amply demonstrate.

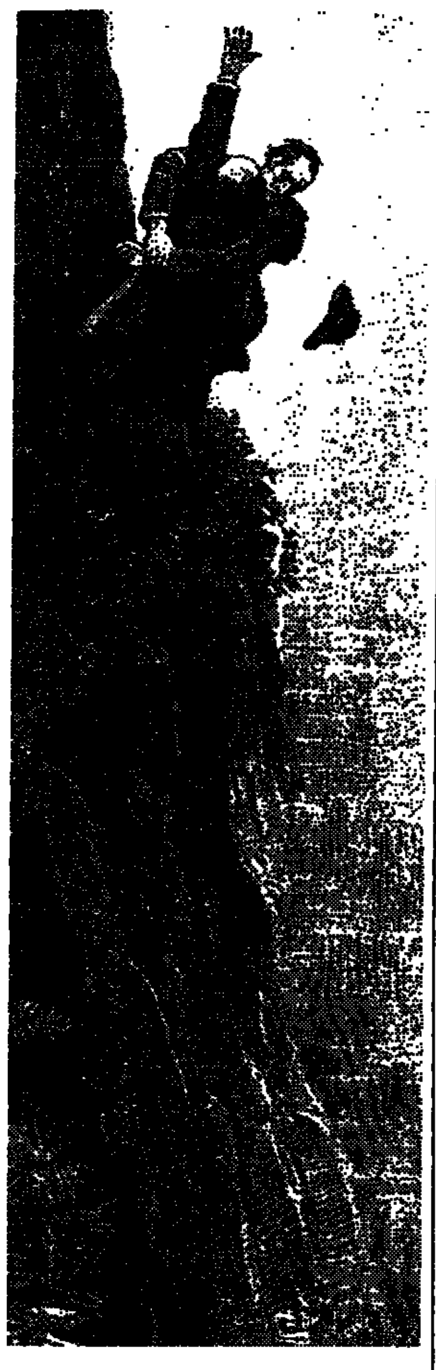
It was rare for the same writer – a Doyle or an Edgar Wallace, who is also well represented – to excel at both kinds of story. Yet in the detective volume we have a well-known Sherlock Holmes story, "The Adventure of Charles Augustus Milverton", while in the strange tales there is a much less famous but equally good Doyle story with no Holmes, "The Silver Mirror", in which a Victorian accountant working on a fraud case observes a crime of centuries ago re-enacted within the frame of a mirror.

There is an additional pleasure for the modern reader in seeing how many really good writers turn up in the pages of *The Strand*. H.G Wells is here with a fine, late – 1932 – time-story "Brownlow's Newspaper". Hugh Walpole is here with a sinister story about revenge in the literary world. D.H. Lawrence is here with "Tickets, Please!", a savage story about female bus-conductors, and Graham Greene with "All But Empty", a sly very short story about a strange encounter in a cinema. Maugham is in, with a story not in his collected edition, Sapper, Beverley Nichols, E Nesbit, W W Jacobs: all are here and all in great form.

There is an equal pleasure in discovering stories by some of the forgotten men and women of popular literature. Among the latter there is the prolific authoress L.T. Meade and the poet laureate's great-niece, F. Tennyson Jesse, both of whom have frightening stories about women meeting weird strangers in railway carriages, a constant fear among *The Strand*'s many female readers.

After Smith retired the tradition of printing stories which firmly hooked the reader in the first paragraph continued under his three successors, Reeves Shaw, Reginald Pound and Macdonald Hastings. By the time the magazine folded in 1950, the short story was however playing second fiddle to the novel in Britain, in spite of its glorious renaissance during the Second World War. But the short story has proved to be a remarkably sturdy literary species and persists even now when there are so few outlets for it. Alan Ross, the editor of *The London Magazine* and one of the few magazines to print short stories in this country today, says that they receive 1,500 submissions a year. In an average year they print 15 to 20 stories and accept perhaps twice as many.

To celebrate his magazine's 30th birthday, Ross has edited an anthology of some of the stories which might have appeared in the magazine but have not yet done so. Some of the writers, like Francis King or Sweden's Per Wästberg, are well-known, but others like Hanan Al-Shaykh are new. Her "The Fun-Fair" – about an Egyptian bride confronting her formidable future mother-in-law – shows how effective a short story may be in making a bridge across cultures in today's divided world.



Holmes and Moriarty struggling on the edge of the Reichenbach Falls, 1893

Domesticity down the ages

A HISTORY OF PRIVATE LIFE: VOLUME V
edited by Antoine Prost and Gerard Vincent
Harvard £29.95, 630 pages

THE *History of Private Life* has been an immense undertaking, not least because of the difficulty of applying an apparently modern concept to 2000 years of Western and Classical civilisation. The series has deservedly attracted huge praise from historians of all hues for its scholarly imagination and beautiful presentation.

It is thus an unusually strong recommendation to say that the final volume is worthy of its predecessors. It can be read conventionally, its photographs and pictures providing a fascinating counterpoint to the intellectual argument. But it is equally friendly to an undisciplined approach. Opening at random, one is sure to find a fascinating fact – the etymology of the word "secret", for example, or details from the French Census of 1954 which show how primitive housing conditions were less than 40 years ago.

As George Duby said in his introduction to the series, the aim was to study private life over the *longue durée* – the essential approach of the *annales* school of history in which intellectual tradition the work is firmly located. But how to study something which only gained its modern sense in the 19th century? Indeed, the contributors started from the premise that there has always been a distinction between the public and the private – a zone of immunity into which the individual can retreat, a place of family, of domesticity and secrecy.

The series as a whole argues that since the Middle Ages, the tendency of cultural development has been to sharpen the conflict between these zones. The growing powers of the state, culminating in Totalitarianism, made it more likely to intervene across private boundaries that were themselves shifting. Economic change altered the relationship between the workplace and the home. Religious attitudes shifted away from collective rituals towards individual contemplation.

The historians involved in the project have risen to the challenge of a potentially limitless subject with admirable imagination. As Duby says, the work asks as many questions as it answers. But that too is a speciality of the *annales* school. Its varied method is at once exciting and irritating, merging scholarly verve with an ability to generalise which defies the normal rules of historical study.

The *annales* approach grew out of the rejection in the 1930s by founders Marc Bloch and Lucien Febvre of so-called *histoire événémentielle*, essentially traditional political narrative. They favoured a history informed by other disciplines – economics, sociology, anthropology – in which narrow political events could be understood only in the light of longer-term forces.

The epitome of the early *annales* approach was Fernand Braudel's immense study of the Mediterranean region published in 1949. For most of its three volumes, people, the traditional actors of history, are completely absent. Braudel insisted on the physical domination of the economic over the political, and concentrated on harvests, diseases, technology, transport and money. Later scholars focused their attention on much smaller geographical units, with well-known works like Emmanuel le Roy Ladurie's study of the village of Montaillou.

The series on private life is sympathetic to Braudel's concerns, but people have become central not least because Braudel's forces have effected fundamental changes on our ability to form and express our identities. The final volume reaches a period when the boundaries of the private are apperently more accessible to contemporary readers. The book's great achievement is to show the difficulty of this notion, while brilliantly exploring those boundaries.

There may have been a basic separation of the public and private spheres in the days of, for example, the Roman empire. But, the authors show, this is hardly comparable with the delicate refinement of nineteenth-century bourgeois culture, where houses were designed to reflect subtle codes of segregation and enforce strict decorum.

The examples are too numerous to list, but a fascinating section on dancing gives a flavour. From forms like the waltz and quadrille which required public mastery of complex social codes, dancing evolved after World War Two to easier forms like the boogie-woogie and bebop for couples, before becoming a matter of individual prowess at rock and disco dancing. A parallel evolution of the media culminated in the personal stereo, so a person can now dance to a tune no-one else can hear.

Andrew Freeman

■ These are just four of the scores of luxurious art books to be published with a particular eye to the Christmas market: Yves Bonnefoy's **Alberto Giacometti** (Flammarion 575 pages, £75); **Edward Hopper** – by various authors (Greenwood 118pp, £18.95); Bruce Boucher's **The Sculpture of Jacopo Sansovino** (Yale, 2-vol set, £95); Christopher Finch's **Nineteenth-Century Watercolours** (Abbeville, 294pp, £55).

Fiction

Historical myths reinvented

THE BIRTHDAY BOYS
by Beryl Bainbridge
Duckworth £12.99, 189 pages

THE LAST CRUSADE
by Colin Smith
Sinclair-Stevenson £14.99, 355 pages

AT PRIMARY school in the late 1940s, we were brought up on a diet of the *Empire Youth Annual* and the diaries of Captain Scott. Hidebound heroism was uncritically accepted: the puncturing of postures began only with that famous *Beyond The Fringe* war film send-up in which it was memorably pointed out that "we need a futile gesture at this point in the war". Beryl Bainbridge, who also grew up in the twilight of that fading world, manages to come to terms with both the uselessness and the heroism in this extraordinary re-working of the story of Scott's Antarctic expedition, which ends, of course, with the most famous exit-line in history.

The stages of the expedition, the rivalries, the classbound relationships (always grist to Bainbridge's mill), the madness and the motives are recounted in turn by Petty Officer Evans, Wilson, Scott, Bowers and Oates. For a novelist, to reinvent history is to walk a creative tightrope, but Bainbridge (as she did in *Young Adolf* and *Watson's Apology*), by casting the veil of imagination over the mirror of hindsight, makes a parallel world which pays tribute to the seriousness of those outmoded attitudes while at the same time casting a distinctly modern eye over the validity of such endeavours. In the course of her tale, she writes of the hideous deprivations so boldly endured; the astounding beauties of the Antarctic landscapes; the personality clashes; the emotional reticences.

Bainbridge is concerned with the reinvention of historical myth: Scott and Wilson discuss the way that "temporal existence ended, the imaginative faculty of posterity takes over. She juggles with this idea with extreme sophistication, but some of the finest passages in a novel which, because of its subject matter, cannot bring any narrative surprises, are brilliant descriptions of the ice landscapes and the awesome southern skies, movingly contrasted in the exhausted brains of desperate men with mirages of beloved, gentle English scenes. It seems to me that Bainbridge has quite surpassed herself in a completely new imaginative direction in a book which is a million miles away from her previous concerns.

Also in retro mode is Colin Smith's *The Last Crusade* which, in spite of slightly daunting, detail-laden opening pages, develops into a rumbustious thriller-spy-war story set in Palestine in 1917, culminating in the cavalry charge by the Warwickshire and Worcestershire Yeomanry against Austrian artillery. Smith has obviously done a formidable amount of research into a little remembered aspect of the First World War and he does not entirely avoid some wise-after-the-event digressions, which tend to be the dreaded pitfall of many an historical novelist but which must be difficult to avoid in the light of subsequent Middle Eastern events.

However, his wide panorama is consistently interesting even if the historical figures are, perhaps, somewhat woodenly presented and the set-piece action sequences go on too long. The gentlemanly values are worn lightly, there is a jesting, debonair, boyish feel to the whole thing which is a world away from Bainbridge's account of similar mores. But it is a good yarn, from which one learns an enormous amount about the background to the awful mess that is Palestine today. And the mystery of the identity of the British spy, Daniel, is tantalisingly well-maintained until the very end. Highly recommended (with a cigar) for after the Queen's Speech.

Mary Hope

Science fiction and fantasy

Curious forms are stirring amidst the mutant trash

"HELP! We are surrounded by Vugs!". If this sentence from a pulp science fiction novel of the 1950s sums up your notion of the genre today, you have a surprise in store. The galaxy of SF and fantasy publishing is not what it used to be.

Feverish consumers of stories about bug-eyed beans from Venus or micronauts making fantastic voyages through blood vessels in midget submarines will not be disappointed, however. Such fiction still represents the lowest tier of the genre and will continue to immerse North American airport lounges beneath a tide of titles like *Phylum Monsters*, *Destination Brain*, *Mutants Amok*, *The Man from Mundania*, *Space Cops Mindblast* and *The Warlock Is Missing*.

But wait. Amidst the deluge of trash, curious and beautiful forms are stirring. A few recent titles stand out from the riptide of dreary nonsense like angel fish in the deeps of a murky, polluted ocean.

First for special mention in this seasonal round-up is **The Difference Engine**, a collaboration by William Gibson and Bruce Sterling (*Gollancz* paperback, 384 pages, £7.99). Cyberpunk was the much-vaunted SF fashion of the 1980s: the style of such writing was streetwise, cynical and sparse; its content was hi-tech and littered with brand names from the Japanese electronics industry. Gibson and Sterling were among Cyberpunk's leading exponents, but their collaboration marks a new departure for both: Steampunk.

London, 1855. Charles Babbage's steam computer has ushered in the Industrial Revolution ahead of time. For computer buffs and megabytes read clackers and gear yardage. Byron is Prime Minister, John Keats is a Steam Age film director. America is a mess of warring states, with Britain supplying rapid fire guns to the Red Indians to ensure it stays that way. This is alternative history on a grand scale, compelling the reader to recognise the strangeness of today's by painting a convincing picture of another turn which history might have taken.

Gibson and Sterling have written a book which gradually invades the imagination by means of its detail and visualisation. Comparison with the very best of Frank Herbert, master of the widest canvas, and J.G. Ballard, that aesthete of style, would not be going too far.

Joe Haldeman's **The Hemingway Hoax** (*NEL* paperback, 155 pages, £3.99) is another treat for the discerning. If Haldeman had never written another word after *The Forever War*, a vision of future conflict which drew on his time in Vietnam and which won the genre's two most coveted awards, his reputation would nevertheless be secure. In *The Hemingway Hoax*, he has fun with the archetypal time travel story and its familiar motif of the time police, demonstrating as well an affectionate and detailed knowledge of Hemingway's fiction. Confident, comical, accomplished, a literary treat, this is the best novel of "chronomotion" to have appeared in a long time. Science fiction caviar.

In sharp contrast is the SF thriller **The Brooch of Azure Midnight** (*Orbit*, 455 pages, £13.95) by Anne Gay; an interplanetary mystery involving a sinister communications company and two sisters unaware that they are pawns in a lethal power game. Ms Gay's extravagant prose poetry, at first seductive, soon lapses into absurdity. It is the sort of thing you might expect from a Martian Laurie Lee on amphetamines.

Ironically for an author whose most passionate belief, according to the jacket notes, is the power of communication, the style retards the action so much that the narrative staggers under the weight. Phrases such as "the ghosts of stars were netted in the Danube's ripples and she let their feyness layer a skin of calm on her thoughts" beg to be included in an intergalactic Pseuds Corner. The lame ending leaves a bitter aftertaste which even 455 pages of prose syrup cannot mask. Why didn't her editor tell her?

Perhaps the surest and healthiest sign that the genre has grown up is the fact that there is even a living to be made these days by writing clever self-conscious parodies of the more decadent examples of pulp SF.

Harry Harrison takes pride of place here. He performs a public service by ruthlessly exposing and purging the genre's clichés in such novels as **Bill, the Galactic Hero on the Planet of Tasteless Pleasure** (*Gollancz*, 240 pages, £13.95). His latest venture, co-written with David Bischoff, finds Bill recovering among the steel robot nurses at the Army Hospital on Colostomy IV from his terrible experiences on the Planet of Bottled Brains.

Finally, on the fantasy front, the imminent centenary celebrations of J.R.R. Tolkien's birth seem to have given new life to the scribbling armies of Middle Earth imitators. **The Sapphire Rose** by David Eddings (*HarperCollins*, 525 pages, £14.99), the jacket of which disquietingly declares that it comprises Book Three of The Elenium by the bestselling author of The Belgariad and The Malloreon, is a case in point.

Structurally speaking, everything is there: a map, a magical jewel, a troll dwarf, a sleeping queen, a degenerate sorcerer king. Why then is the overwhelming impression one of anaemic imitation of the master, with all the symbols but with none of the power? The same holds for **Dream Finder** by Roger Taylor (*Headline*, 436 pages, £14.95) and **Blue Moon Rising** by Simon Green (*Gollancz*, 448 pages, £14.99). Nothing I say here can arrest the momentum of the sub-Tolkien publishing juggernaut, but I can't help feeling that the master of Middle Earth must be watching the industry he unintentionally founded with a rueful grin.

Martin Mulligan

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.40 Opposites Attract. 7.50 The Jetsons. 8.15 Chucklevision. 8.35 Dungeons and Dragons. 9.00 Going Live!

12.12 Weather.

12.15 Grandstand introduced by Bob Wilson. Including 12.20 Golf: The World Championship from the Tryall Golf Club, Jamaica. 12.45 Racing from Chepstow: The Philip Cornes Novice Hurdle. 1.00 News. 1.05 Golf. 1.15 Racing: The Racing International Hurdle. 1.30 Skiing: The Men's Downhill Championship, from St Anton, Austria. 1.45 Racing: The Coral Welsh National. 2.05 Showjumping: The Olympia Horse Show, from London. 2.55 Rugby League: Live coverage of the second semi-final of the Regal Trophy. 4.35 Final Score. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Tom and Jerry.

5.40 One to Win. Quiz show in which three contestants have the chance to win the 'holiday of a lifetime'.

6.10 Noel's House Party. Party games intended to get viewers in the Christmas spirit. Featuring Grab a Grand, the Gotcha Oscar, surprises from the Giftbusters and the Gunge Tank. Noel's special guest is actor Leslie Nielsen.

7.00 Bruce Forsyth's Generation Game. Four more family couples compete in ostensibly hilarious games, hoping to go forward to the conveyor belt with its host of prizes. Last in series.

8.00 Film: The House on Carroll Street. Political drama set in New York, 1951. A blacklisted woman under FBI surveillance uncovers a deadly mystery involving her Senate interrogator. Starring Kelly McGillis and Jeff Daniels (1988).

9.40 News and Sport; Weather.

10.00 Film: Howard: A New Breed of Hero. A wise-cracking alien duck lands on Earth, befriends a female rock star and defends the planet from an alien invasion. Starring Lea Thompson and Tim Robbins (1986).

11.45 World Championship of Golf. The third round from Tryall Resort, Jamaica. Introduced by Steve Rider.

1.15 Weather.

1.20 Close.

BBC2

8.15 Hopping Down in Kent. 8.45 Bridge Builders. 9.15 Film: The Pace That Thrills. 10.15 Christmas in America: A Love Story. 11.05 Film: Son of Kong. 12.05 pm Carols from Devon. 12.10 The Flowerpot Men. 12.25 Dr Finlay's Casebook.

1.15 EastEnders.

2.15 Top of the Pops. Glam rock from the Christmas of 1972, featuring Slade, Gary Glitter, Sweet and Wizard. Introduced by Tony Blackburn and Noel Edmonds.

3.00 The Queen. How the royal message has been watched during the years, by people in a multitude of circumstances.

3.05 Film: It's a Wonderful Life. James Stewart stars in this Christmas tale of a good-hearted bank clerk who wishes he had never been born. His wish is granted by an elderly angel who shows him how different his home town would have been without him. Also starring Donna Reed (1946).

5.15 Steptoe and Son. Comedy classic from 1974. Harold makes plans to escape his father for a carefree holiday in the sun.

6.00 Christmas Night with the Stars. Light entertainment from Christmas Past. With celebrities Billy Cotton, Kathy Kirby, Dick Emery, The Barron Knights, Andy Stewart, and The Likely Lads.

7.00 News and Sport; Weather.

7.15 Strangeways. Memorable Christmas episode from the award-winning 1980 documentary series about prison life.

8.00 A Stocking Full of Christmas Clichés. A light-hearted look at the television's seasonal traditions. Featuring the Blue Peter Advent calendar.

8.30 Evacuees. Two school children are sent from Manchester's war zone to Blackpool, where they have problems adjusting to their guardian's way of life. Drama from Christmas 1975, starring Maureen Lipman.

9.45 The Morecambe and Wise Christmas Show.

10.45 Hancock's Half Hour. This rare episode of comedy, not seen since 1956, sees Hancock pondering over the imminent demise of his acting career.

11.15 The Signalman. Starring Denholm Elliott.

11.55 Film: The Big Sleep. Classic detective thriller, starring Humphrey Bogart and Lauren Bacall (1946).

1.50 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm A Country Ways Christmas.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Saint and Greavsie. Ian and Jimmy present a preview of the Christmas fixtures, with highlights from some of last night's First Division matches.

1.55 Film: A Christmas Carol. Stylish re-telling of Dickens' classic tale filmed in Shrewsbury. Starring George C Scott and Nigel Davenport (TVM 1984).

3.45 Snow White Christmas Special. Animated adventure in which Snow White's daughter teams up with seven very different companions.

4.40 ITN News; Weather.

4.45 LWT News; Weather.

4.50 Results Service. Round-up of the day's football scores.

5.00 10 Sharp! New Kids on the Block, Jason Donovan, Dannii Minogue and Santa himself join Pat Sharp for his Christmas special.

5.15 Bejewelled. With Jerry Hall and Dirk Benedict.

7.00 Blind Date Christmas Cracker.

8.00 Barrymore. The comic presents a special holiday edition packed with unpredictable fun.

9.00 Film: The Ruth Rendell Christmas Mystery: No Crying He Makes. When Wexford is called upon to investigate a mysterious case of child-swapping, he becomes uneasy about the motives - and increasingly concerned for the baby's safety. With George Baker and Christopher Ravenscroft (1990).

10.30 ITN News; Weather.

10.40 LWT Weather.

10.45 Dame Edna's Hollywood. Mirth and merriment with Dame Edna and guests Cher, Mel Gibson, Bea Arthur, Larry Hagman and Jack Palance.

11.45 291 Club Finals. Join DJ Elayne in her quest for new talent, as a critical Hackney Theatre audience selects the winner of the series.

12.45 Film: Death Hunt. In Yukon, 1931, a tough Mountie pursues an innocent trapper wanted for murder. Starring Charles Bronson and Lee Marvin (1981); ITN News Headlines.

2.30 Film: McQ. Starring John Wayne (1974).

4.30 The ITV Chart Show.

5.25 Get Stuffed Christmas Special.

CHANNEL4

6.00 Early Morning. 9.30 Same Difference. 10.00 Travelog. 10.30 Wagon Train. 11.30 Kingdom of the Deep. 12.30 pm American Football - Red 42.

1.00 Film: High Wind in Jamaica. Returning home from Jamaica, a group of Victorian children are captured by pirates. Starring Deborah Baxter, Anthony Quinn and James Coburn (1965).

2.55 Film: The Navigator. A millionaire and his girlfriend are the only people on a transatlantic liner marooned in mid-ocean. Comedy, starring Buster Keaton and Kathryn McGuire (1924).

4.00 Rainbow Dance. Animated film.

4.05 Desert Orchid: Living with the Legend. Nine months in the life of the famous racing grey, by his owner Richard Burridge.

5.05 Brookside.

6.30 News Summary and Weather; Right to Reply.

7.00 The Trainer Wars. Tracing the extraordinary rise of the humble canvas shoe to worldwide fashion icon. At the heart of a vast global industry, the trainer has become, in some parts of urban America, a matter of life and death.

8.00 Yves Montand. Profile of the great French singer and actor who died earlier this year. In 1974, Montand prepared a one-man show for a special appearance at the Olympia Hall in Paris. French film-maker Chris Marker, a close friend, filmed him during a week of increasingly tense rehearsals and a triumphant performance.

9.15 Bill Douglas Tribute: My Way Home. Concluding the director's autobiographical trilogy. He returns to the village of Newcraighall but is ill at ease with his step-mother and brother. He decides to study art, but in the face of opposition returns to his foster home where he finds a job as a delivery boy.

10.35 Film: Tinpis Run. Melodrama about the life and adventures of Asol Bore, who works as a truck driver in Papua New Guinea. Shown as part of the Mondo Cinema season (1991).(English subtitles).

12.15 Son of the Incredibly Strange Film Show.

1.00 American Football - Red 42.

1.30 The Word.

2.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 MotorSport. 1.05 Anglia News. 4.45 Anglia News and Sport 5.00 Disney Cartoon Time. 10.40 Regional Weather.

BORDER:
12.30 The Munsters Today. 1.05 Border News. 4.45 Border News and Weather 5.00 Cartoon Time. 11.45 The Granada Match.

CENTRAL:
12.30 The Munsters Today. 1.05 Central News 4.45 Central News 5.00 Goals Extra. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

CHANNEL:
12.30 Blockbusters. 1.05 Diary Dates. 4.45 Channel News. 5.00 Cartoon Time. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

GRAMPIAN:
12.30 Beathaichean Neonach. 1.05 Grampian Headlines 4.45 Grampian Headlines 5.00 Put It in Writing. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

GRANADA:
12.30 Stars of Tomorrow '91. 1.05 Granada News 4.45 Granada News 5.00 Granada Goals Extra. 11.45 The Granada Match.

HTV:
12.30 The Munsters Today. 1.05 HTV News 4.45 HTV News. 5.00 HTV West Sport Results. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

HTV Wales as HTV except:
5.00 HTV Wales Sport Results.

SCOTTISH:
12.30 NB Special. 1.05 Scotland Today. 4.45 Scotland Today. 5.00 Cartoon. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

TSW:
12.30 The South West Week. 1.05 TSW News 4.45 TSW News 5.00 Cartoons. 10.40 TSW Weather. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

TVS:
12.30 Blockbusters. 5.00 Cartoon Time. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

TYNE TEES:
12.30 Riverside. 1.05 Regional News. 4.45 Northern Life Sport Special. 5.00 Cartoon Time. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

ULSTER:
12.30 National Community Games. 1.05 Ulster Newstime 4.45 Ulster News and Sport 5.00 Disney Cartoons. 11.45 The Granada Match.

YORKSHIRE:
1.05 Calendar News. 4.45 Calendar News. 5.00 Disney Cartoons. 11.45 Silver Rose of Montreux Winner: Penn and Teller.

S4C Wales as Channel 4 except:-
9.30 Jelfin. 10.00 The Time Tunnel. 11.00 A Brush with Art. 11.30 Same Difference. 12.00 Travelog. 5.30 Free for All. 7.00 Newyddion Nos Sadwrn. 7.25 Bacha Hi O 'Ma. 8.10 Yn Falch O Fod Yn Foel. 8.40 Desmond's. 9.10 Quizbowl. 9.40 Tocyn Tymor. 10.20 I Want to Live. (1958)

SUNDAY

BBC1

7.40 Film: Seven Little Foys. 9.10 News. 9.15 The Promise of His Glory. 10.00 Salute to Gregory Peck.

11.10 Film: Scrooge. Musical version of Dickens' classic tale. On Christmas Eve the miserly Ebenezer Scrooge is shown the error of his ways by three phantoms. Starring Albert Finney (1970).

12.57 Weather.

1.00 News; Joy to the World. The Princess of Wales hears the story of Christmas. Sarah Greene presents the concert, in aid of the Royal Marsden Cancer Appeal and Save the Children, from the Royal Albert Hall.

2.00 EastEnders.

3.00 Bread.

3.50 Amazing Animals. Desmond Morris investigates the behaviour of wild horses.

4.20 Some Mothers Do 'Ave 'Em.

4.50 Together with Cliff Richard.

5.45 Merlin of the Crystal Cave. Last in the series.

6.15 News.

6.30 Songs of Praise. Alan Titchmarsh and Debbie Thrower present a Christmas celebration of favourite carols from Westminster Abbey.

7.15 Last of the Summer Wine.

7.45 Film: Planes, Trains and Automobiles. An executive attempts to get home for Thanksgiving but finds his travel constantly interrupted by freak weather and bad transport. Starring Steve Martin and John Candy (1987).

9.15 News and Weather.

9.30 You Rang, M'Lord? Last in the series.

10.20 Everyman. Canon Angus MacQueen has returned as priest of Bornish, a remote parish in the Hebridean island of South Uist. The power of the elements still shapes the lives of the islanders, and Celtic beliefs mingle with devout Catholicism. Everyman follows his journey.

11.10 World Championship of Golf. Highlights from the Tryall Resort, Jamaica.

12.40 Weather.

12.45 Close.

BBC2

7.25 But First This On Two; Tales of a Wise King and the Devil. 7.30 Two by Two. 7.45 Playdays. 8.05 Bitsa. 8.20 Telling Tales. 8.35 Babar. 9.00 Blood and Honey. 9.20 Defenders of the Earth. 9.40 Blue Peter Omnibus. 10.30 Dark Season. 11.00 Strangers. 11.25 Mozart from Scratch. 11.50 The O-Zone. 12.00 Around Westminster. 12.30 pm Mahler's Fifth Symphony.

1.50 International Showjumping. Raymond Brooks-Ward and Keith Chegwin introduce The Christmas Puissance from The Grand Hall, Olympia.

2.35 Film: Donovan's Reef. Three US sailors settle on a South Sea island. Problems emerge when a daughter arrives unaware of her new Polynesian family. Starring John Wayne and Lee Marvin (1963).

4.20 Ski Sunday. The 54th Arlberg-Kandahar race, one of the classics of the men's downhill circuit, from St Anton in Austria.

4.50 Rugby Special. Action from the top game in League Division One.

5.45 Film: My Favourite Year. Comedy about a young Fifties TV writer who is given the task of escorting a star who turns out to be a screen swashbuckler and off-screen hellraiser. Starring Peter O'Toole (1982).

7.15 The Natural World. Isla Blair narrates this film portrait of the Sound of Harris, the only navigable seaway through the island barrier of the Outer Hebrides.

8.05 Frontline Doctors. Daniel Day-Lewis narrates this film about the French emergency organisation, Medicin Sans Frontieres. For 10 months film crews in Sri Lanka, Mozambique, Liberia and Kurdistan follow the doctors and nurses as they work in the world's most dangerous places.

9.20 Film: The Colour Purple. A teenage mother parted from her children is married to a brutal widower, but she manages to find a ray of hope in her darkness. Spielberg's love story. Starring Whoopi Goldberg and Danny Glover (1985).

11.50 Film: Big Time. Tom Waits' surreal narrative of his stage performances. Recorded in Los Angeles and San Francisco during his 1987 tour (1988).

1.20 Def II: Rapido.

1.55 Close.

LWT

6.00 TV Am. 9.25 Disney Club. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.10 Christmas Cartoon Time.

1.30 Regent's Park - The Jewel in the Crown.

2.00 Film: The NeverEnding Story. While reading a book, a boy finds himself drawn into the plot about a dying world and a beautiful princess. Children's fantasy adventure, starring Noah Hathaway (1984).

3.40 Mr Majeika.

4.40 Bullseye Christmas Special. With Frank Bruno, Linda Lusardi and John McCririck.

5.15 Animal Country Christmas Special.

6.00 ITN News; Weather.

6.05 LWT News; Weather.

6.15 Highway Special. Sir Harry Secombe takes 24 children to Walt Disney World in Florida. MASH star McLean Stevenson, and the choir of St James Cathedral, Orlando, also appear in the programme.

7.15 The Darling Buds of May. Christmas special, starring David Jason, Pam Ferris and Catherine Zeta Jones.

8.15 The British Comedy Awards 1991. Jonathan Ross and comedy stars and presenters from the world of entertainment celebrate the achievements of actors, comedians and writers in the world of British comedy during the past 12 months.

10.10 ITN News; Weather.

10.20 LWT Weather.

10.25 Kiri at Christmas. Dame Kiri Te Kanawa in concert with the New Zealand Symphony Orchestra.

11.25 Film: Rear Window. Tense, accomplished Hitchcock thriller in which a photographer recovering from a leg injury observes neighbouring tenants in an American high rise apartment and inadvertently stumbles across a murder mystery. Starring James Stewart and Grace Kelly (1954).

1.25 Film: Un Homme et Une Femme. Oscar-winning romantic drama about a young widowed script girl and widower racing driver. (1966).(English subtitles); ITN News Headlines.

3.20 Requiem for Lockerbie: Songs for the Falling Angel.

4.15 Film: Hellinger's Law. Starring Telly Savalas and Melinda Dillon (TVM 1981).

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics - Second Reading. 10.50 Dennis. 11.10 Round the Bend. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: The Mark of Zorro. Diego de Vega disguises himself as a masked bandit to save California from tyrants. Swashbuckling adventure, starring Tyrone Power and Basil Rathbone (1940).

3.40 The Amazing Bone. Animation.

3.55 Lloyds of London. Christopher Hurd investigates the financial problems and scandals faced by Lloyds, the London insurance company. With losses running into hundreds of millions, can they survive into the 21st century?

4.55 News Summary.

5.00 Jim Henson's Greek Myths. The tale of Daedalus and Icarus, trapped in the labyrinth by the tyrant Minos. With Derek Jacobi. Michael Gambon narrates.

5.30 Family Pride.

6.00 Press Gang.

6.30 The Cosby Show.

7.00 Equinox. Since Einstein conceived the Theory of Relativity, almost all theories in physics have been impossible to mesh together. Equinox investigates a new idea, Superstring Theory, which may link the mathematical chain.

8.00 The Long Ride. Concluding the motorcycle journey of millionaire Wall Street investor Jim Rogers.

8.30 American Football. Mick Luckhurst introduces action from the last week of the regular season and Gary Imlach reports from the Road Game. With all the scores and standings from around the NFL, and the weekly competition.

10.00 Film: Hombre. An Apache-raised white man, scorned by his fellow stagecoach passengers, is elected their guardian when they are held up by bandits. Western adventure, starring Paul Newman and Diane Cilento (1967).

12.05 Mbira Music.

1.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-ANGLIA:
12.30 Goals Galore. 12.55 Anglia News. 1.10 Disney's A Christmas Gift. 6.05 Anglia News.

BORDER:
12.30 Gardening Time. 1.10 Requiem for Lockerbie. 2.10 Disney's A Christmas Gift. 3.00 Mr Majeika. 6.05 News.

CENTRAL:
12.30 Gardening Time. 12.55 News 1.10 Disney Cartoon Time. 6.05 News 10.20 Weather. 11.25 The Trouble with Harry. (1956)

CHANNEL:
12.30 Christmas Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 A Country Ways Christmas. 6.05 Channel News.

GRAMPIAN:
11.00 Dusty the Snowman. 11.30 A Christmas Programme. 12.30 Jack Thompson Down Under. 12.55 Headlines. 1.10 Disney's A Christmas Gift. 5.15 Animal Country Christmas Special. 6.05 Headlines 10.20 Weather.

GRANADA:
12.30 Dusty the Snowman. 12.55 News 1.10 Mr Majeika. 2.10 Animal Country Christmas Special. 2.55 Carry On Again, Doctor. (1969) 4.25 Bullseye Christmas Special. 5.00 Coronation Street. 6.05 News

HTV:
12.30 Newsweek Review of the Year. 12.55 HTV News. 1.10 Disney's A Christmas Gift. 6.05 HTV News.

HTV Wales as HTV except:
12.30 Farming Wales.

SCOTTISH:
11.00 Glen Michael's Cartoon Cavalcade. 11.30 A Christmas Programme. 12.30 Books Now for Christmas. 12.55 Scotland Today. 1.10 Disney's A Christmas Gift. 5.15 NB Christmas Show Special. 6.05 Scotland Today 10.20 Scottish Weather. 10.25 Requiem for Lockerbie: Songs for the Falling Angel.

TSW:
12.30 The Munsters Today. 12.55 TSW News 1.10 Disney's A Christmas Gift. 3.40 Off the Hook. 4.10 Cobblestones, Cottages and Castles. 6.05 TSW News 10.20 TSW Weather.

TVS:
12.30 TVS News. 12.33 The Munsters Today. 12.58 TVS Weather. 1.10 Disney's A Christmas Gift. 6.05 TVS News.

TYNE TEES:
12.25 Country Ways Christmas Special. 12.55 Regional News. 1.10 Cartoon Time. 1.30 The Back Page. 6.05 Regional News.

ULSTER:
12.30 Farming 12.55 Newstime 1.10 Mr Majeika. 2.10 Animal Country Christmas Special. 2.55 Barney. (1971) 4.25 Bullseye Christmas Special. 5.00 Coronation Street. 6.05 Newstime

YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 1.10 Disney's A Christmas Gift. 6.05 Calendar News. 10.20 Weather.

S4C Wales as Channel 4 except:-
9.25 Willo the Wisp. 9.30 The Storyteller. 10.50 Voyage to the Bottom of the Sea. 11.45 Four-Mations: Big World Animators. 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw 'Mlaen. 2.15 Equinox. 3.15 What the Eye Doesn't See. 3.20 Oliver Twist. (1948) 5.30 Pobol Y Cwm. 7.05 Newyddion. 7.10 Saith Ar y Sul. 7.25 Bwrw'r Sul. 8.10 Hel Straeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Traed Mewn Cyffion. 10.10 American Football. 11.40 Yves Montand.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Cliff Richard at Christmas. 1.00 The News Huddlines Instant Christmas. 1.30 It Only Hurts When I Laugh. 2.00 Ed Stewart. 4.00 Alan Titchmarsh's Christmas Glow. 5.00 Spike Jones. 5.30 The Christmas Movie Quiz. 6.00 Bob Holness Requests the Pleasure. 7.00 Jazz Score. 7.30 Julie Andrews. 8.30 Easy Does It. 10.00 John Sachs. 12.05 Brian Matthew. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
6.55 Weather and News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Haydn. 9.30 Saturday Review. 12.55 Words. 1.00 News. 1.05 Nash Ensemble. 2.10 Cardiff Festival 1991. 3.45 Andrei Gavrilov (piano). 4.00 Tuning Up. 5.00 Jazz Record Requests. 5.45 Such Rotten Luck. 6.15 Prokofiev at the Theatre. 7.00 Flora Danica. 7.30 Die Fledermaus. 10.30 The 1991 Reith Lectures. 11.00 Strauss. 11.30 For the Feast of Yuletide. 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Farming Week. 6.50 Prayer for the Day. 6.55 Weather. 7.00 Today. 8.58 Weather. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 News; The Week in Westminster. 11.30 From Our Own Correspondent. 12.00 Money Box. 12.25 News Quiz of the Year. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Any Answers? 2.30 Saturday Playhouse. 4.00 News; The Fiery Particle. 4.30 Science Now. 5.00 A Rose is a Rose is a Rose. 5.25 Tea Junction. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News; Sports Round-up. 6.25 Week Ending. 6.50 Stop the Week. 7.20 Kaleidoscope. 7.50 The Man of Destiny. 8.52 Conversation Piece. 9.20 Music in Mind. 9.50 Ten to Ten. 9.59 Weather. 10.00 News. 10.15 Open Mind. 10.45 As Others See Us. 11.00 Richard Baker Compares Notes. 11.30 The Harpoon Christmas Special. 12.00 News; Interlude. 12.33 Shipping Forecast. 12.43 (FM) Close. 12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk. 6.30 Morning Edition. 9.00 On Your Marks. 12.00 Sport on 4 Plus 1. 12.30 Sportscall. 1.30 Sport On 5. 6.00 News. 6.05 Six-O-Six. 7.30 La Top. 9.00 Afropop Worldwide. 10.00 Sports Bulletin. 10.15 On the Level. 12.00 Sport. 12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; 24 Hours; News Summary. 7.30 From The Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News; The Watermelon Brothers. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week: A Christmas Cracker. 2.00 Newsdesk. 2.30 The Birth Of The Big Band. 3.00 News; News about Britain; Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Business Review; Travel. 4.45 News and press review in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don MacLean. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 The Uncrowned King: A Tribute to Bernard Miles. 3.00 Choirgirl of the Year Showcase. 4.00 Sing Something Seasonal. 5.00 Charlie Chester's Christmas Cracker. 7.00 Christmas with the Choral. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 John Sachs. 12.05 Ronnie Hilton. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester

BBC RADIO 3
6.55 Weather;News Headlines. 7.00 Morning Concert. 8.30 News. 8.35 Seasonal Bach. 9.15 Sounding Brass. 10.15 Music Weekly. 11.00 Dutch Retrospect. 12.30 Gregorian Chants for Christmas. 12.45 Table Talk. 1.00 News. 1.05 Your Concert Choice. 2.30 BBC Singers at Christmas. 3.50 Poet of the Month. 4.00 BBC Symphony Orchestra. 5.00 Soundings. 6.00 An Advent Ring. 7.00 JS and CPE Bach Gamba Sonatas. 7.30 Sunday Play. 9.30 Sir Andrzej Panufnik (1914-1991). 10.30 Villa-Lobos. 11.10 John Donne: The Progresse of the Soule. 11.30 For the Feast of Yuletide. 12.00 News. 12.05 Close.

BBC RADIO 4
6.00 News. 6.10 Prelude. 6.30 News; Morning Has Broken. 6.55 Weather. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week. 12.15 Desert Island Discs. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Christmas at the Wells. 4.30 A Good Read. 5.00 News; Down Your Way. 5.40 Not What the Brochure Said. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Best Behaviour. 7.00 Munro's Challenge - 100 Years of Hillwalking. 7.30 Bookshelf. 8.00 Punters. 8.40 Thinking Aloud. 9.00 The Natural History Programme. 9.30 Special Assignment. 9.59 Weather. 10.00 News. 10.15 Casanova. 11.00 In Committee. 11.30 Seeds of Faith. 12.00 News and Weather. 12.33 Shipping Forecast. 12.43 (FM) Close. 12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk. 6.30 Meridian Reports. 7.00 News and 24 hours. 7.30 Sunday Edition. 9.00 Johnnie Walker with Countdown to Christmas. 10.00 News and Sport; Children of One God. 11.00 News and Sport; Education Matters. 11.30 An Old Fashioned Christmas. 12.00 News and Sport. 12.05 Ring a Winner. 1.40 Open University: Open Forum. 2.00 News and Sport; Kitchen Cabinet. 2.30 Football Extra. 5.00 Sport; Mike's Secret Mike. 5.30 Black Museum. 6.00 Sport; Talking Poetry. 6.30 Great Expectations. 7.00 Sports Bulletin. 7.15 Euromix. 8.00 Le Noel Top. 8.30 Christmas Afropop. 9.30 Dragnet. 10.00 Sport. 10.10 Across the Line. 12.00 News and Sport. 12.10 Close.

WORLD SERVICE
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CHESS

Master the game against a computer

***Anthony Curtis** selects the best chess machines and programs*

FOR ANY parents with restless children on their hands this holiday it might be worth considering buying a chess-playing machine. These now play excellent chess and also act as chess-teachers. They have special easy levels for beginners.

You can buy a chess computer at around £20 in the High Street. At this kind of price they are an amusing toy for a child just beginning chess. In between £50-£100 they have quite a formidable playing strength at different levels and will exercise all but the strongest players. Novag's *Scorpio* and *Diablo* two high-grade recent models are respectively £400 and £600. At that price they play at a level which only the top-ranking players can match and the gap between the top humans and top computers is narrowing all the time.

The market leaders for chess-computers throughout the world are the German company Mephisto, the American Fidelity and the Scandinavian Novag. Extensive research and years of experience of programming goes into their products. Anything bearing one of these brand names should play some lively, powerful chess. Fidelity's Travelmaster – a portable chess computer which has just come on to the market at £99 – sounds good value.

At that price shops that deal in electronics, such as Dixons and Tandy, usually have a favourite brand of their own to sell you. Another source is big stores such as Harrods, and games shops. Better still, if you have the time before you decide, would be to contact a chess computer specialist like Eureka Electronics, 26 Castle Street, Brighton, or Countrywide Computers, 1 High Street, Wilburton, Cambridge. They will have a great range of models on offer at different prices and you can arrange for a full demonstration before you buy.

For anyone who owns a personal computer/word processor there is an inexpensive alternative to investing in a chess computer. This is simply to buy a chess program for it. These are usually between £20-£50 and they do everything that the solid state chess computer does except that the board and men will be a graphic display on screen and moves will be made either with a mouse or by pressing keys.

You should make sure that the program is compatible with your computer. For owners of Amstrad models such as the PCW 8256, there is a choice of Cyrus II (available from the Amstrad Users' Club) or CP Software's chess program on its Classic Games 4 which also contains draughts, backgammon and bridge (from 198 The Hill, Burford, Oxfordshire). Both are great fun.

For anyone with an IBM-compatible computer with MS-DOS 3.00 or above the latest chess program is called Fritz (from CBSoftware, 239a Ballards Lane, N3 1NG) at £37. Fritz has far too many functions to list here but they include facilities to store your own games in its memory and to classify them under openings used. It also comes with 500 grandmaster games in the memory. Like the other programs mentioned it will print out the moves of the games on your printer.

It is incidentally bilingual in English and German. First time out you tell it which language you want it to use and it stays with that language thereafter. If you switch it off completely in the middle of game, it will return to the position when you switch on again and let you resume play. I would guess that the only problem about giving Fritz to a chess-buff is that if you do you are unlikely to see much of him.

NIGEL SHORT beat Michael Adams 4-2 in the final of the £12,000 Duncan Lawrie English championship this week. Short, 26, is a world title semi-finalist, the most serious Western challenger since Bobby Fischer; Adams, 20, the UK's youngest grandmaster, may contend for Gary Kasparov's crown in the mid-1990s.

Both won their semi-finals 1½-½, Short defeating Julian Hodgson while Adams outplayed No 2 seed Jon Speelman. Adams's style is modelled on the subtle strategies of Anatoly Karpov, and this game shows the Karpovian technique of finding optimum squares for your pieces.

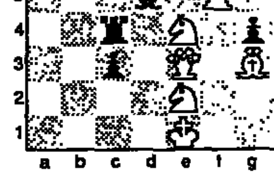
Man of the match is White's king's knight, whose g1-f3-d4-f3-d4-c2-b4 odyssey provokes a decisive weakening of Black's defences (M Adams, White; J Speelman, Black; French Defence; Duncan Lawrie English championship 1991).

1 e4 e6 2 d4 d5 3 Nd2 c5 4 exd5 Qxd5 5 Ngf3 cxd4 6 Bc4 Qd6 7 0-0 Nf6 8 Nb3 Nc6 9 Nbxd4 Nxd4 10 Nxd4 a6 11 Re1 Bd7 12 c3 Qc7 13 Bb3 0-0-0 14 Qe2 Bd6 15 h3 Kb8 Queen-side castling has brought new life to a variation where Black used to play only for a draw. Speelman is experienced on both sides of the position, but his last move loses time. Better plans are Bh2+ 16 Kh1 Bf4 or Rhe8 with Re7 and e5.

16 a4 h6 If at once Rhe8 17 Bg5 or e5 17 Nf3 Rhe8 18 Ng5. 17 Be3 Rhe8 18 Nf3 Bc6 19 a5 *Nd7 20 Nd4 Bd5 21 Ba4 e5 22* Nc2! White conventionally aims to attack by b4, but Adams plans to open the c file. *Bc6 23 Bxc6 Qxc6 24 Nb4 Bxb4* If Qc7 25 Nd5 White is clearly better.

25 cxb4 Nf6 26 Rac1 Qa4? Black's last chance is Qb5 27 Qxb5 axb5 28 Bb6 Rd7 29 Rc5 Nd5 30 Rxb5 Nxb6 31 Rxb6 Ka7 with drawing chances a pawn down. 27 Qc4 Nd5 28 Bb6! Nxb6 29 Qc7+ Ka8 30 axb6 Qd7 There's no longer a defence to Rxe5,Qxf7, or Ra1 and Rxa6+ 31 Rxe5 Rf8 Or Rxe5 32 Qxd7 Rxd7 33 Rc8 mate. *32 b5 Resigns.* White threatens 33 bxa6 bxa6 34 b7+, while Qxc7 33 bxc7 Rc8 34 b6 is hopeless.

CHESS No 902



White mates in two moves, against any defence (by Pal Benko, Europa Rochade 1991). Benko, a grandmaster who is also a prolific endgame and problem composer, created this Christmas tree-shaped puzzle for Germany's leading chess magazine.

Solution Page XIV

Leonard Barden

BRIDGE

THE HAND below comes from teams-of-four. Let us study No Duck, No Dinner:

N
♠ K J 7 6 5
♥ 6
♦ 8 4 3
♣ A K J 8

W
♠
♥ K J 10 7 5 2
♦ K Q J 5
♣ 10 6 3

E
♠ Q 10 3
♥ Q 9 4 3
♦ 10 9 2
♣ Q 9 2

S
♠ A 9 8 4 2
♥ A 8
♦ A 7 6
♣ 7 5 4

With East-West vulnerable South dealt, and opened with one spade on his modest hand, West overcalled with two hearts, and North's raise to four spades ended the auction.

When dummy appeared, South liked what he saw. He counted five spades, one heart, one heart ruff, one diamond, and two clubs with an overtrick depending on the knave finesse.

Winning the opening lead with his ace, declarer cashed his spade ace, and West showed out. That altered the situation. South, who was not a bad player, in an effort to save the day by an endplay, played a diamond. The knave won, and West intelligently led the three of clubs, taken by the king. Dummy's last diamond was at once played, the queen won, and West attacked with another club. South finessed the knave, losing to the queen, and East's spade queen defeated the contract.

In room two declarer saw that the contract was cold unless East held all the three trumps. Then he saw that this difficulty could be overcome by an endplay.

In order to strip East of any exit-card, he allowed the diamond king to hold. Taking the queen, which followed, with his ace, he first cashed the spade ace, then the heart ace, ruffed the eight, and exited with dummy's last diamond. West won, and switched to a club. The ace won, and now South cashed the king of spades, and threw East in with another spade. East had the choice between leading into the club tenace or conceding a ruff discard.

E P C Cotter

THE CHRISTMAS CROSSWORD IS ON PAGE VI

Don't expect us to be rational

Ralph Atkins puts forward a new economic theory

WHEN, not so many years ago, I was a student of sufficient innocence to have started a university economics course in the hope of learning a trade for life, a new-fangled theory arrived from the US.

My memory is hazy and the books I had are now either dust-covered or too complex for me to understand, but the conclusions of this theory can be more or less summed up with the phrase "rational expectations". The idea was that individuals (I think we grandly called them economic agents) are far smarter than Treasury ministers and will out-guess the government's next move. Thus, if interest rates are expected to go up, wily investors will have sold their houses, paid back the overdraft, sent the cheque to Access and moved all funds into Midlloyd Natbank's megabuster triple gold star high-interest flexi-account.

The point was that state intervention was of little use and ministers might as well tear up the rule books, pack their red boxes and go home. Free-market economists were enthralled.

Like the worst economic theories, however, it has come crashing down around economists' heads, creating misery for thousands of households. In announcing emergency measures to help the housing market this week, the government admitted that financial deregulation in the 1980s had backfired, with potentially damaging electoral consequences. Housing prices have slumped, High Street tills have stopped ringing.

It is not so much the elderly or poorest who are suffering most. The group most likely to have suffered repossession of their houses are accountants. Please, wipe that smile off your face.

Left to their own devices, consumers and the mortgage lenders have been thoroughly irresponsible. But a really smart commentator would go on to predict with authority what happens next, now that stamp duty is to be lifted and gallant building societies are charging to the rescue of financiers in distress.

My pet theory states, first, that the average consumer is far from logical and, second, that he or she practises at least three of the seven deadly sins. How much is spent in High Streets is driven, in large part, by covetousness, envy and gluttony, the last particularly at Christmas.

Of course, incomes make a big difference. But money spent, rather than money earned, depends on human instinct and how financially secure we feel.

By itself, the abolition of stamp duty for most housebuyers is small beer. The £600 average saving per transaction will cover removal costs but little more. The secret is in the timing. Minister have given us eight months to take advantage of this not-to-be-repeated offer. If, in the spring, enough people are out buying new houses, envious neighbours will follow. Now is the time for covetousness. Credit for your dream home is available. Buy now. Please.

The job of ministers is to create the impression of good times ahead – to fool at least some of the people into believing that now is the time to invest. If enough people believe them, expectations become self-fulfilling.

Unfortunately, the more ministers go on about a recovery around the corner while dole queues lengthen and output falls, the less they are believed.

John Major's strength lies in creating the impression of activity with a few high-profile meetings and a bit of spare taxpayers' money found lying around at the Treasury. A little extra spending in the New Year – goodness, possibly even an old fashioned give-away Budget in March – will add to the impression of a recovery under way. Well, maybe.

How should the political cynic act? Conservative supporters should spend recklessly over the holiday. One Tory-inclined colleague chastised me this week for not running up a handsome overdraft "for the good of the country".

On the other hand, Labour voters should inflict on themselves a thoroughly miserable Christmas, saving cash for the dawn of a new era.

The comforting thought is that ministers are still at our mercy; better still, they have no idea how we will react. No Treasury model can predict whether the housing market and consumer spending will revive in time for the general election. Sheer cussedness is an incalculable.

Power to the people, I say.

Tony Andrews

Private View

One child's Christmas

Christian Tyler talks to harpist Harriet Earis, 11, about the Nativity, turkey dinners, Red Indians and Father Christmas

HARRIET Earis – poet, harpist and historical novelist – is 11 and has old-fashioned ideas about Christmas.

What do you like best about it?

"The excitement, feeling of happiness, giving presents and things."

Is there a particular moment you enjoy?

Without hesitation she replied: "Waking up on Christmas morning."

Any things you don't like about it?

"I don't like the way they kill all the turkeys. That spoils it a bit. And people who haven't got as much as you, you know."

Why don't you like them killing the turkeys?

"Well, I just think it's sort of inhuman. I'm a vegetarian and can't stand the thought of killing animals, the conditions which they're kept in. Christmas is a time of thanksgiving for everything you've got and it's awful that you should kill something else every Christmas when you're meant to be talking about birth."

In taking the turkey's side, Harriet showed she was like any other girl with a lively imagination: old enough to pass judgment on the real world, yet still young enough to inhabit her own, ideal one.

She may have strong opinions but she does not seem especially precocious, speaking with the remains of a childish lisp on her "th's" and peppering her answers with "sort of" and "you know".

Animal welfare, tropical rainforests, the Welsh hills and Red Indians are her interests, and her flair for finding the words to express them recently earned her first prize in a national junior poetry competition.

Did you ever believe in Father Christmas?

"Yeah," she laughed. "I think everyone does."

When did you stop believing?

"I don't know. It was not sort of sudden. I just gradually began to know."

What did you think he did?

"I don't think I thought he came down the chimney. I just thought he sort of materialised, you know. I used to do things like leave carrots on the doorstep for the reindeer."

I wondered what she made of the traditional Christmas shopping frenzy.

"I'd rather have an old-fashioned Christmas by the fire roasting chestnuts, you know, that sort of thing. I don't like all the sort of glitter." Her ideal Christmas, she said, would be spent at her family's remote cottage in mid-Wales, sitting in the inglenook by a big fire, with a cat sleeping on the hearth and snow falling outside.

What do you think is the idea behind Christmas?

"I quite like the Christmas story. This year I've seen the birth of my cousin, I was actually there at the birth, and that's helped. It was a home birth. It was really lovely. That sort of makes the story more alive."

Was the birth of Jesus a real historical event? "Yeah, I think so. It got changed a bit in the telling, but I think it is."

Does the story excite your imagination?

"I think the way some people tell it they make it sound a bit boring. Most people when they read the Bible make it sound so solemn, and you've got to be very quiet. In a way it should be a bit more joyful than they say it.

"Sometimes I wish I could sort of re-write it and describe it a bit more imaginatively. I think the actual event's lovely. I like the idea of the shepherds on the hills. I imagine them on the Welsh hills, up there in the night."

Do you think Jesus was God?

"I think he was obviously a special person. I think God is the sort of name which we give something . . . like we could call it Buddha or something. It doesn't really matter. In Red Indian terms you call it the Great Spirit.

"There's lots of special people, and even today you hear of people like gurus in India who can do amazing things almost like Jesus could. And you sort of think there wasn't just one, that he came into the world to show us that there are lots of people who can do this. I don't think he was trying to say he was the only Son of God – that we were all sons of God and we could all do this."

Harriet's family live in a small detached house in a nondescript part of the Surrey stockbroker belt. Her mother Irene is a former English teacher, her father Roger lectures at a law college and her elder brother Tom is a devotee of the musical synthesiser.

They are not churchgoers, and celebrate Christmas at home with readings and music, Harriet on the harp and her brother playing the organ. The background is Christian but Harriet does not feel she belongs to any single denomination. "I'm interested in all of them. When you belong to a certain religion, I find sometimes they exclude the others. I like to sort of mix around and use a bit from each.

"I'm very interested in Red Indians; I'm doing a rites of passage project on them for school. I love them for the way they live, close to nature and just imagine living like that. I'd be quite happy in a tepee, I think." Harriet wants a tepee for Christmas.

One of her prize-winning poems describes the Buffalo Waboose, whom the American Indians regard as the spirit of winter. It begins (with original punctuation):

He stood, breathing in the resin scents,
his nostrils quivered and his wide hoof marks
tracked the mud; as Winter came.
he stood a statue of the dawn.
Head hanging low, horns tossed skyward,
silent in the little shadows of the octopus dark,
and the tramping elephant night, bigger than the sky.
His breath stained the huge mountains with frost,
and his horns locked with the sun,
and as he shook his horns glowed like fire in the grey sky.
and as he impatiently pawed the earth,
the snow cateracted down, and stung his hot hide.

I asked Harriet what else Christmas was about.

"A few years ago we went to Wales to see the winter solstice. And my mum had worked out that the sun would rise over a certain hill at a certain time. We found that if you stood by certain stones you could see the sun rise exactly in the middle of this flat-topped mountain at the head of the valley.

"To the ancient people that was a symbol of light. Because after the winter solstice you knew that spring was beginning to come. So Christmas is also about that, in a way, knowing that the light's going to come again."

You see a connection with pagan ideas?

"I think there's always been a festival around this time. It's rather nice to keep it going on."

And what do the grown-ups get out of Christmas?

"I think if I was grown up I would probably like to see the expressions on my children's faces. It's quite fun doing shopping and if you are a parent thinking about how pleased your child's going to be when you give her such-and-such a toy."

Do they find it a bit of a strain?

"Yes. You know, keeping everyone happy and keeping everything running smoothly must be quite hard and probably quite a relief when it's all over."

Harriet agreed that Christmas was a time for remembering people outside the family, too: "You're always hearing about people sleeping on the streets of London and everything, and you think 'what sort of a Christmas are they going to have?'"

And the problems of the wider world? "Yeah. I think it is quite worrying, cutting down all the trees . . . poverty and famine and everything. Trouble is I suppose you seem to be so drawn into your world that you don't really seem to notice.

"You hear on the news but you can't seem to connect them with your life. You feel that you want to help sometimes, but they always seem too far away. You just can't get there."

Harriet Earis wants to be a writer of fiction, but fiction with a moral purpose. As she said: "I think Green issues are really coming to a head at the moment."

She has been at work on her first book for two years. ("The paper seems to mount up but you never seem to get anywhere!") It is a novel set in the 13th century. Its heroine is Gwenllian, only daughter of Llewelyn II, the last King of Wales.

"When Edward I invaded Wales she was sent to an English nunnery. That was history. But in my book she goes back to Wales and claims her rightful throne. I haven't got to that bit yet: she's still riding through the Welsh countryside. I like that best."

One night, Gwenllian has a vision of the Nativity. She is carried through the snow by two silver horses to a flat-topped mountain. Ascending a spiral track ("proud head lifted like a Celtic queen coming into her own right, her white nun's robes trailing in the mountain wind") she reaches the top to find a throng . . .

". . . people from every country, black and white, old or young. There was a great sense of unity. 'This is the beginning of the Christ religion, the power of love shall descend,' said a voice from the very centre of the circle, and before her appeared a vision of a stable.

"Grouped around it were animals and birds of every sort together and inside the light was too dazzling to see. It shone out, and above it glowed a star; and it showed to each one of them; and as the image left them they found that the stable was still there in their hearts, and they turned to each other.

"One black person started to sing praises in a strange but beautiful language, some felt the urge to dance. A bard played a song on his old carved harp, and all was enhanced by the light of God; each did that which helped them best to express their feelings, all cultures were linked in joy under the Christ star."

Festive poll taunt shock

Michael Thompson-Noel

HAWKS & HANDSAWS

I HAVE been reading the *Daily Mirror* this week. You might think that a peculiar confession for a man with all his marbles to make, but there was method in my madness.

It has hardly escaped my notice that Pearson, which owns the *Financial Times*, is looking into the possibility of buying Mirror Group Newspapers (MGN) following the death of its crooked owner, Robert Maxwell.

The belief is that Pearson would keep a beady watch on MGN, management-wise, but would otherwise leave it to plough its own furrow, for it is a nice little earner. Anyway, the posh folk at Pearson and the *FT* (the *Mirror* editor tells us) know next to nothing about tabloid journalism.

Whether they do or don't, a hapless hack like me can take no risks, cannot afford to be unprepared. (For the benefit of the *Mirror* editor, that is a double negative: not a tremendously good one but the fruit, nevertheless, of years of toil in the *FT* vineyard).

Suppose Pearson buys MGN. Isn't it at least possible, one wet Friday, that my telephone will ring, instructing me (politely – this is the *FT* management talking) to hop on a bus and pop across to the *Mirror* to help them out with a spot of bother, some epidemic, something unforeseen, which has produced, just for the minute, a *soupçon* of undermanning?

Of course it is. There is even a bus which runs door-to-door.

So I have been studying the *Mirror*. The first thing to say is that it is a rollicking little package. Aggressive. Flairful. Extremely good value – it costs 25p and sells 3.64m copies.

Some things did not surprise me. I expected the besottment with royalty – "Di's Xmas Boycott. She snubs Raine over kids' party" – and the high percentage of stories about showbusiness and TV stars – "ELTON'S DAD IS DEAD AFTER 18-YEAR FEUD."

I expected the stories about pit bull terriers (yes, pit bulls are still hot news in *Mirror*land): "Broken-hearted Mark Amston hanged himself the day after he had his pit bull terrier put down. Mark, 20, of Caernarfon, Gwynedd, could not get insurance under the new dangerous dogs law, an inquest heard."

I expected the frills and knickers and the hideous snarls of rage as the *Mirror*pack dug fresh dirt on the late R. Maxwell.

I expected the Christmas features. One, on Thursday, asked "favourite personalities" what they wanted as presents. But I would never have guessed that the personalities contacted by the *Mirror* were still remotely newsworthy. Gary Glitter? Eddie 'The Eagle' Edwards? Jilly Cooper? BBC newsreader Martyn Lewis? I thought half those folk were dead.

I expected the potty letters and the soppy, dotty sport: "The hearts of a nation went out to Gary Lineker last night."

I expected the political slant: "Neil Kinnock sent the Tories down to a Ten-Nil defeat over Europe yesterday."

And I certainly anticipated the batteringly taut prose of Thursday's front-page splash – "THE SHAME OF BRITAIN 1991" – by Barry Wigmore, which offered a classic account of one of the manifestations of late-20th century poverty.

It started:

Britain's homeless are being buried 15 at a time in paupers' mass graves, the Mirror *can reveal today.*

In scenes that would shame Dickensian London, they are boxed in plywood coffins.

Then they are dumped five deep and three wide in giant holes scooped out of the ground.

Many have no name and are marked only by a simple plot number.

Heart-plucking, huh?

Were there any surprises? Just one or two. The *Mirror* is less sexy than I imagined, and there is almost no sleaze. It had a nice story on Page 7 yesterday – "TIDDLY EYETIES! New Euro-size condom is too big for Italians" – which stated that Italy is opposing proposals for a standard-sized EC contraceptive, adding that a king-size row has blown up which is unlikely to be solved in a jiffy. But that is not sleaze. Anyone who is embarrassed by condoms, snug-fitting or not, must be hopelessly repressed.

The other surprise was how short many of the stories are. One of yesterday's shortest – "Bye George" – said this: "Fallen tycoon George Walker finally quit his debt-laden empire yesterday after a stormy shareholders' meeting in London." Which said it all, really.

So how difficult is *Mirror* journalism? It is beautifully tightly written. It is fairly entertaining. And it demands a common touch. But I cannot believe it is difficult. In fact I am sure it is easy.

Yesterday, the *FT* ran a story – "Kinnock renews early election call" – by one of its pocket battleships, Ivo Dawnay, the political correspondent. There is not a lot of Ivo Dawnay, but what there is counts double. It started:

Mr Neil Kinnock fuelled a mood of combative optimism on his own backbenches yesterday when he renewed demands for an early election and accused the prime minister of "running away from the electorate."

There was a good bit more, but you get the drift. I would bet £450 that if you asked Ivo Dawnay to transmute that story into *Mirror*-prose, he would pause for 1.3 seconds, straighten his silk tie, glance at his gold watch, cross his little feet, dial the *FT* and dictate this:

Labour leader Neil Kinnock slammed Premier John Major yesterday with taunts that he was running scared.

And he challenged him to call an early New Year election so that Britain could boot out the Tories' discredited government.

While Neil Kinnock prepared the Tory corpse for burial, Labour's fighting front-bench team drove more nails into the coffin by hammering the government on crime, bankruptcies, homelessness and Europe.

● Stuffed – See Page 6.

Difficult? You would have to be joking.

Why Marx would be a happy man

Antony Thorncroft feels guilty about staying in Moscow's protected luxury

IN LESS than two weeks the "Soviet Union", the words and the country, will be consigned to the dustbin of history. Unfortunately, almost 300m people will still have to forage in the dustbin.

For a westerner visiting Russia this month, when the daylight in Moscow and St Petersburg is at its fleetest, the cold at its rawest and the inhabitants at their lowest, it was hard not to feel like a Victorian nabob progressing in protected luxury around an impoverished colony.

In a way it is worse, because it is virtually impossible not to aggravate the situation, to perpetuate the two-currency, two-lifestyle existence which is breaking the will of the Russians. By giving the woman in the Bolshoi cloakroom a dollar because you have no kopecks, you present her with the equivalent of a week's salary.

This might help her feed her family with foods that are unavailable in the shops. But, by helping her divert it to the black market, where only hard currency or inflated prices are accepted, you strengthen the "mafia", the middle men who obtain food from the rich agricultural areas in the South at high prices and sell it on even higher.

Circumstances in Russia changes daily and much of the advance advice given to me seemed out of date. This is especially true with currency. The days when you were hustled on the street by young men whispering exchange rates in your ear are over. The young men are still there but now they are peddling army officer's watches and military hats.

Today you can change a dollar for almost a hundred roubles quite legitimately – if you can find a bank or a hotel cashier to handle the transaction. I spent much time in Moscow fruitlessly trying to change dollars into roubles. There is a shortage of money, even at the Metropole, Moscow's new luxury hotel (rooms cost $300, £164.80, a night – equivalent to six years' wages for a Russian) and the most brilliant beacon of western affluence.

The scarcity of roubles is irritating. You no longer need to book in advance to eat at the Slavyansky Bazaar, Moscow's oldest (1870) restaurant, where Chekov's lady played with her little dog. Your western clothes help you waft to a table and the offer of a Russian banquet for $20. It is a meal that quickly becomes familiar – a promising starter of caviar and cold fish balanced by inedible cold meats; a soup which sometimes hits, sometimes misses, the spot; a slice of cooked meat, quite awful; and then ice-cream, eternally vanilla but of amazing creaminess. The drink, strong white wine close to sherry, seemed to be limitless.

It was an interesting if tasteless meal, but the price was no more than any London wine bar on the make would charge. Seated under a red dome that would grace a cathedral, with the band bashing out a western pop song, it was a worthwhile experience. But if you went in with a Russian, or insisted on paying in roubles, the same meal would cost 70 roubles – around 80 cents.

Not surprisingly, roubles suddenly seemed quite desirable. I tracked some down eventually at the Astoria, St Petersburg's more relaxed answer to the Metropole. You need a robust wallet since all large-denomination notes have been withdrawn in an attempt to thwart the speculators. Five dollars translates into 48 ten-rouble notes.

Trying to spend this wad, more than the average Russian's monthly salary, produced mixed success. A recommended restaurant on the Nevsky Prospect, the Literary Café where Dostoevsky, no doubt, joshed Tolstoy and both had a go at Chekov, took 200 roubles for lunch. They were happy to land a customer willing to pay black market prices. In my terms I got the lunch, the ubiquitous Russian "banquet", for less than 50 cents.

However, taxi drivers are quite implacable. There is just one price, whatever the distance – $5. Offer them a month's wage in roubles and they will not budge. Unfortunately, I only had a $10 note. Either I started an inflationary trend in taxi fares which would totally knock the Russian economy off the edge of the world or I had to reach some kind of deal with the driver.

He had no roubles and probably had not used any for months, but he was quite prepared to give me 20 Finnish marks change for my $10. I still do not know who got the best of the bargain.

The obvious alternative is to use the Metro, which offers the Russians a sense of spaciousness they can rarely enjoy above ground. There is no problem about the price – 15 kopeks, which means that $1 will buy you almost 700 trips. The problem is orientation. Not only are the stations heralded in Cyrillic script but they are subject to political re-education: a big interchange named after a Communist hero now commemorates Czar Alexander.

By a sad trick of history, Marx is on his way to achieving in Russia his ultimate dream – a cashless society. It is a strange – not a happy – experience to be in a country where money has little or no value twice over – for visitors because it can buy virtually everything; for Russians because it buys virtually nothing.

The crowds milling in the Nevsky Prospect, each person clutching a plastic bag as they wait for a shop to open, seem to be waiting for an unimaginable revolution which must eventually happen – and end the current dreamland.

Cold comfort in Moscow – and things are getting worse